

*Bruce Kenison's
Market Timing
Home Study Course*



**Precision Market Timing...
By The Numbers!**

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Introduction

Precision Market Timing...By The Numbers!

Bruce Kenison's Market Timing Home Study Course represents a *phenomenal* educational experience...not only for established traders, but also for those that have never traded before...even those who have no appreciable foreknowledge of the subject and need someone to show them the ropes.

You will *not* need a calculator, computer program, specialized knowledge or previous training. If you can count to a hundred and eighty-eight *and* have a burning desire to learn, you have *everything* you need! **You will be amazed how easy this simple step-by-step market timing method is to use and understand *completely*.** And, if any questions do pop up...just e-mail us. No questions will be left unanswered. You'll *never* be left in the dark about anything.

So, what can you expect to learn from your Home Study Course?

First and foremost, you will learn the complete *Kenison Counting Numbers* market timing method...*in detail*...with nothing held back...and nothing left out. This has been described as the most powerful and unique market timing method ever discovered! It's uncanny ability to project highly tradable trend reversal and reaction completion points *in the future* has been the foundation for all our market timing advisory services. **Forget everything you ever knew or thought you knew about market timing...this unbelievably simple and easy to use tool will not allow you to ever think about markets in the same way again.**

Over the years, countless clients and subscribers have told me they have never seen a market timing strategy that generates so much profit with strictly managed risk...*so quickly!* **Outside of seminars where attendees have paid up to \$5,000 to learn this very same market timing method, there has never been an opportunity outside this course for smaller traders to learn this for themselves...until now!** It took over 30 years of intensive eyeball to chart research to make this remarkable timing method work like a Swiss clock. **You**

will now have a lifetime of experience in proven and successful market timing at your fingertips.

As you go through this material at your own pace and in the privacy of your home or office, your eyes will be opened to how the markets *really* work...and best of all, you will have acquired this knowledge for yourself. You won't need to rely on anyone else in your trading decisions.

But, you might ask, why do I need to learn futures market timing if I trade *only* options on futures? The answer is very simple. **All entry and exit timing decisions in option trading are based on the precise timing of the *underlying* futures market.** For example, if Kenison Counting Numbers *confirmed* a reversal top in the cattle futures market and you were holding profitable cattle call options, a buzzer should go off in your head that *now* is the time to get out...*and* maybe even think about buying puts! You will now be able to do that very thing...*by yourself*. This holds equally true of course for those who use stock market indexes and individual stock charts for market timing decisions in the buying of index and stock options...*and* forex traders using intra-day and daily currency charts for split second market timing decisions.

After learning the ***Kenison Counting Numbers*** market timing method, the sense of confidence it will bring to your trading experience will be *literally* invaluable. **Needless to say, whether you trade futures, options on futures, stock futures, stock options, individual stocks, indexes, forex or cash markets...this insight is *absolutely* crucial to your trading success!**

As you study the exciting 3-D charts included in this course...*and* tons of free charts available on the Internet, **you will see how by simply counting bars on a price chart forward from identifiable high and low points in the past, you can *project* important reversal points...*in the future!*** When you see the counting numbers in action for the first time, believe me...you'll be hooked! **I've been hooked now for over 30 years and I'm *still* fascinated on a daily basis as I watch these turns occur like clockwork in timing windows and reversal zones projected weeks and even months before!**

So, in a nutshell, we will focus like a laser on the ***Kenison Counting Numbers*** precision market timing method. First, we will detail the history of *how* this amazing discovery was made. Secondly, we will examine in detail how counting numbers work to identify the *most* powerful entry points for futures, options, forex, stocks and cash market trading...*and* equally important, spotlight precisely *when* to get out. **And last but not least, we will very carefully study the highly reliable chart *patterns* that *Kenison Counting Numbers* can be applied to which set up pinpoint trading opportunities with explosive profit potential.**

As you gain hands on experience by examining the outstanding chart examples, **you will quickly become an expert in using all 40 of the**

unbelievably powerful ***Kenison Counting Numbers***. With any chart for any market, you will be able to confidently anticipate with a high degree of reliability *exactly* where and when reversal energy will be exposed in the future. You will discover how this natural and irregular rhythm in the markets is constant and traces out *exactly* the same sequencing pattern repeatedly.

You will see how invariably reversals occur on the same number counts in the *Kenison Counting Number* sequence...over and over again. This is even more astounding when you realize that all markets *worldwide* are predisposed to exhibit powerful reversal energy on the same numbers in the *Kenison Counting Numbers* sequence. **Witness this precision market timing method in action in real markets in real time and you'll be totally amazed at the magnitude of this discovery...I guarantee it!**

Your three valuable **Bonus Reports** included with this home study course should be a tremendous benefit to any trader, irregardless of experience. **BONUS REPORT #1 is *The 14 Absolutely Essential Websites For Traders And Investors!* BONUS REPORT #2 is *The 7 Explosive Trades You Can't Afford To Miss In 2006!* And, BONUS REPORT #3 is entitled *The 8 Best Leverage Markets For Trading Options With Precision Timing!*** This report is invaluable in helping option buyers find just the "*right*" trades to apply their new found market timing skills to.

And remember, this course is *not* some rehash of *technical* analysis...nor is it a tired discussion of market *fundamentals*...but rather, an entirely new and unique *time* based market timing method, which I call ***temporal*** analysis. **Get ready to have your socks knocked off...the secrets you'll learn here will stay with you for a lifetime of successful trading.**

I could go on and on about the many benefits and features contained in this course, but here's the bottom line. **If you're looking for verbiage by the ton...this ain't it.** However, if you have a sincere desire to know for yourself exactly *how* to time the markets easily, quickly and precisely...*this is it!* **I want to express to you my sincere appreciation for having the foresight to make this investment *in yourself*.** I'm looking forward to being your personal guide in this great adventure...***let's get started!***

CHAPTER ONE

The Kenison Counting Numbers Story!

In the next 30 minutes, I'm going to reveal what took me over thirty years of intensive eyeball-to-chart research to discover! The road has been long and sometimes bumpy with plenty of unexpected twists and turns along the way. And, guess what...*it hasn't ended yet!* **The more I learn, the more I realize there's *more* to learn.** I'm looking forward to sharing with you in periodic updates to be added to your home study course exactly *what* our newest ongoing research tells us about Precision Market Timing...*By The Numbers!* **But for now, fasten your seatbelt and experience the excitement I felt on this road of discovery...it's *truly* been a ride to remember!**

Let's start at the beginning. I made my first commodity trade in 1968 while a student at the University of Montana working towards a Master's Degree in Business Finance and Investments. **I was fascinated by the *leverage* you could get on your investment capital by putting up a *relatively* small margin fee in order to control a much larger quantity of some commodity...leaving open the *potential* for substantial gains...and if you used stop loss points *supposedly* limited risk.** And, since I was a cash-strapped student with a "relatively" small amount to invest, this *really* appealed to me.

So, one memorable Tuesday afternoon, I skipped gym class and hiked downtown to open my first commodity trading account. I was nervous as a cat. But, I *knew* it was something I just *had* to do. **The broker was patient and after about an hour of filling out forms and waiting for an OK from headquarters, I plunked my money down and began what I imagined would be an illustrative career as a "professional" commodity trader.** I couldn't wait to get started!

Early the next morning, I was chomping at the bit and decided to start off by trading corn futures. **Then over the next two weeks, the *worst* thing that could happen to a beginning trader happened to me...I had three big *winning* trades in a row!** I was convinced I was the King Kong of trading...and frankly couldn't figure out why everyone told me trading was so hard to be

successful at. **Then, as you've probably guessed...the *fourth* trade murdered me.** I lost everything I had already made *plus* \$200 more than I even had in my account...so much for the supposedly *limited* risk. You can guess where the book fund for that quarter went! **My trading "career" appeared over about as fast as air rushing out of a balloon.**

I went away from that experience licking my wounds, but *absolutely* convinced there was an underlying identifiable pattern or rhythm in the markets. I could sense it. I *knew* it was there. But, I had no idea *what* it was. I wrestled with questions of *how* such a thing could be. Or more to the point, since I could see evidence it *did* exist...how could I prove its existence? Even though at first I even questioned my own perceptions, I just knew in my bones it *was* there! **I was determined to do *whatever* it took to identify it, pick it apart and ultimately find out *exactly* what made it tick.**

It was then I realized that *if* you could discover *any* sort of regular or *consistent* pattern in market movements...you would have the *key* to successful trading! Why? It's because you could then trade *in sync* with the very timing patterns *controlling* market movement. **This was certainly a goal worth devoting a lifetime of research to...and, as it turns out...*I have!***

I started my search by going to the source...*the markets themselves!* I studied every chart I could get my hands on...some even constructed out of price data going back to the start of the Chicago Board of Trade in 1848! **I knew that *if* there was a pattern that repeated itself in the markets, I *could* find it...given *enough* time, effort and stacks of charts to look at.**

After nights upon nights of painstaking study, a bit of inspiration arrived from somewhere. I came to the startling conclusion that by simply using *daily* futures charts...where each vertical bar represents a *single* trading day, I could possibly detect *tradable* patterns. How? **I realized that trade entry and exit points could be pinpointed by identifying *reversal* points in normal ongoing markets...specifically, those reversals on any chart that tended to occur on the *same* daily number counts over and over again when counting *forward* in time from *any* high or low point...*in the past*.**

It was about this time that a fellow trader related to me that W. D. Gann, the world famous market timer, was purported to have said "*if you want to know how to time the markets...read the Bible three times!*"

I had generally studied the writings of Gann and was frankly never able to get much out of his cryptic and obscure ramblings other than to note his focus on *time* as opposed to price pattern analysis. **Nevertheless, this got me to thinking...is it possible that *specific* number counts where reversal energy is *demonstrably* exposed...*critical* time points I had already identified in my relentless search through endless chart examples...is it possible as some**

sort of *confirming* device that these *same* numbers are numbers *prominently* mentioned in the sacred texts?

Since it was my custom to regularly read in the Bible, I decided to keep a notebook handy to jot down specific numbers mentioned in the scriptures as I came across them. I had no real expectations one way or the other, but I was looking forward to comparing the numbers my private research was turning up with the numbers mentioned in the Bible.

So what did I find? Actually, it was a head scratching puzzle. What I noticed after collecting month's of references was that there were an amazing number of *near misses*...numbers from the Bible that were in most cases off by just *one* number count from the numbers I had already identified through chart research.

This wasn't the only thing that bothered me. I'd been in a quandary for years over a Bible quotation found in Luke 24:46 which says "*Thus it is written, and thus it behooved Christ to suffer, and to rise from the dead the third day.*"

With my persistent mindset, I just couldn't see how Sunday was the *third* day. It seemed to me that if Christ was crucified on Friday, then Saturday...Sunday...and then *Monday* should be the third day. It had been a long running and seemingly irreconcilable question in my mind.

Then out of the blue it struck me. To make the biblical order work, you would have to count Friday as day number "*one*" in the sequence. Why this had been so hard for me to see was I suppose understandable. Counting that way was just not how we were taught to count since grade school. Nevertheless, this was a *critical* breakthrough...*I had now learned how God counts!*

The next step was obvious...use the newly learned Bible counting method on charts I was studying and see how the number counts compared with what I was doing before. I picked up one of my trusty old charts and started counting days *forward* from a prominent high point reversal day on the chart.

Immediately, it jumped off the page at me. By adjusting the number count of each newly discovered reversal energy number...by just *one* day to reflect the new counting method, the correlation between Bible numbers and specific number counts I had already collected were now almost perfectly...*in sync!*

I say "*almost*" perfectly because what showed up was a *pattern of hits*...that is, *actual* reversal days occurring on the chart that would tend to "*hit*" either (1) on the day just *before*, (2) *right on* or (3) on the day just *after* the specific counting number being projected.

This was heady stuff. Clearly, by using the 40 different and proven counting numbers so painstakingly identified through research *and* confirmed in most cases by biblical references, I could now *exactly* pinpoint and project into the future *perfectly* defined and extremely powerful 3 day "*timing windows*" or put another way "*reversal zones*" that could be identified on any chart for any market...*at any time!*

Concentrated research further revealed that the strongest reversal energy *always* exhibited itself in the *center* day of the 3 day window or zone. I don't know why, but the image of Christ crucified between 2 malefactors came to mind as I worked with this material. And, as it turns out, the idea of a 3 *unit* window or zone with the *most* powerful energy focused in the *center* unit became over time an ever more powerful research concept...as we shall see.

And here's another curiosity. Apparently, there's no way to determine or foretell whether anticipated reversals will be *up* or *down* reversals...until you get there. As the market starts to *actually* trade up or down *into* the window or zone, then and *only* then does the market tip it's hand to us.

And, here's the really great part...It's exactly at the *critical* moment to *do* something from a market timing standpoint! It's just *before* the market reverses, while at the same time pointing us in the direction the market itself has just revealed it's predisposed to go in! And, *only* those who *know* the language of the markets will understand what the markets are saying when they speak.

Amazingly, the markets literally hand us top secret timing information at the *critical* moment for us to use it for *positioning* trades in the *right* direction...and *precisely* at the right time to be *totally* in sync with market movement...*guaranteed!*

Now, here's how it works...

If a market is *initially* trading *down* into a 3 day timing window or reversal zone, then we should expect a reversal of some consequence to occur to the upside *during* the period of the reversal zone. The anticipated reversal up is then *confirmed* on any day that sees a rally *above* a previous day's high. It could not be more simple!

And, conversely, if a market *initially* trades *up* into a 3 day timing window or reversal zone, we should anticipate the potential for a reversal to the downside to occur *during* the period of the reversal zone. Any reversal down that does occur *during* the period of the reversal zone is then *confirmed* by any day that drops *below* a previous day's low.

It was at this point that one of the **most** astounding discoveries of all was made. On a whim, I decided to apply the same number count sequence to *monthly* and *weekly* charts. What I discovered hit me like a ton of bricks. The newly named ***Kenison Counting Numbers*** market timing analysis worked **exactly** the same as if you were counting days, except in this case what was being projected into the future was three *month* and three *week* reversal zones centered on the **same** number counts used in the **daily** counts. I even learned later that it worked just as accurately with intra-day price charts!

And, it should be noted that these reversals in other time frames are **confirmed** in **exactly** the same manner as described above when we were applying the counting numbers to *days*.

It was then that the magnitude of this discovery really struck me. Think about it. The very *same* number counts work **exactly** the same irregardless of what time frame they are applied to! I suddenly realized there was **only one** thing that could explain something like this...***I had literally tapped into the framework that God uses to organize time and event progressions!***

Out of the blue, I decided to do a little experiment. Why not use the counting numbers to count *backwards* from high and low points on a chart to see if they would point to important reversals...*in the past*? To my amazement, that is **exactly** what the counting numbers were able to do! It was now evident that an exquisite organizational symmetry exists that's revealed by using the **same** number counting sequence to pinpoint mirror image timing patterns...*forwards* and *backwards* in time!

And guess what? I discovered that you could determine the **most likely actual** future reversal day, week or month *within* each anticipated 3 unit reversal zone by using the ***Kenison Counting Numbers*** to count backward in time from *each* of the three days, weeks or months contained *within* those reversal zones. How does this work? Quite simply, when you count backwards in the fashion mentioned above, you will notice that identifiable high and low points...in the past...fall **exactly** on...or, within one day, week or month of specific number counts in the ***Kenison Counting Numbers*** sequence. **But, this is *only* true if you are counting backwards from the **most likely actual** future day, week or month where the market *will* reverse.** As I witnessed this echo effect in action, I realized this is **truly** a miracle!

The magnitude of this overall discovery is absolutely astounding when you realize that by counting forward or backwards in time reversal energy is exposed on the **same** number counts in the ***Kenison Counting Numbers*** sequence irregardless of whether you are counting months, weeks, days...or 60 minute, 30 minute or 15 minute intervals on an intra-day price chart!

It was at this point that it suddenly occurred to me what was *really* happening here. **The march of black bars across price charts represents the ongoing record in time of an unbelievable energy *projection* process** whereby the forward counting of days, weeks and months etcetera tracks some sort of invisible force radiating *forward* in time from high and low reversal points in the past.

Research has proven this process is indeed ongoing...*constantly* radiating energy off reversal points in the past and then forward projecting that energy to three unit "timing windows" or "reversal zones" in the future...to points in time where that mysterious reversal *energy* tends to generate new reversal points in interval patterns set *precisely* on certain number counts...*number counts which I had now identified!*

But, how could this be? **All I could imagine was that some kind of previously unknown wave energy must be radiating like ripples in time off top or bottom reversal points in the past...continually moving out into the future in varying degrees of intensity depending perhaps on the magnitude of the originating reversal...all set in irregular yet constant intervals...and with enough structured energy to dramatically produce directional reversal turns...in *any* market...at precisely and *objectively* projected timing points in the future. And, all this happening *automatically*...with waves of reversal energy radiating forward in time from every recognizable high or low point in the past acting like a transmitting beacon...all *without* human intervention or manipulation of any kind...and until now without human awareness or knowledge of the phenomenon in any regard...*whew!***

About this time the next great piece of the puzzle fell into place. I was at a friend's ranch for a 4th of July picnic watching the children skip stones on the cattle pond. I started noticing the concentric rings of outward moving ripples resulting from each impact point where a stone was thrown. I noted that when the ripple patterns from two separate impact points collided there was definite wave amplification at the point where they intersected. **I further noticed that the *greatest* wave amplification or combined height of the intersecting waves occurred when *three* ripple patterns collided at the *same* exact point.** If it was four or more waves all coming together at the same time the effect was a muddle of contradicting forces resulting in a dissipated and more smoothed effect. **The number *three* was without a doubt the key to the *most* powerful and heightened *combined* wave effect.**

This all brought to mind an old World War II movie about French resistance fighters in Paris during the Nazi occupation that I had just seen on TV the night before in the dormitory rec room. The story showed how Gestapo agents were able to catch the resistance fighters by patrolling the streets of Paris at all hours of the day and night with just two roving radio cars.

Whenever the resistance fighters sent a radio message it was detected immediately by the Gestapo radio cars which would then pull over to the curb, mark their location on a grid map of Paris and turn their directional finders to point at the source of the just turned on radio signal. When they compared the *direction* of the radio signal as detected by the two different cars sitting at two *different* locations, the two directional lines drawn in the direction of the radio source from each car's location crossed on the grid map at a *third* point. This *intersection* point marked the *exact* spot where the radio transmission was coming from. **This *triangulation* effect resulted in the resistance fighters getting caught often before they could even finish their message.**

Immediately the next morning I set out to study just what implications this all might have for market timing using ***Kenison Counting Numbers***. What I discovered was that there is indeed a dramatic amplification effect in the strength of the market timing signal if number counts from two different high or low points in the past zeroed in on the *same* future timing window or reversal zone. **I called this super charged market timing effect a timing *convergence*.**

I also noticed that another powerful effect resulted when the timing counts from two or more different time frames zeroed in on the *same* future timing point. For instance, if the *weekly* count projected a reversal would occur centered on a particular week *and* the *daily* timing count also projected a reversal would occur centered on a particular day *within* that *same* projected week, we could expect to see an extraordinarily powerful reversal occur precisely at that point in time where overall reversal energy was so concentrated and tightly focused. **I called this special market timing effect a timing *conjunction*.**

Sit back for a moment and think about this. The magnitude of this overall discovery...let's say *revelation*, is truly mind boggling in it's implication and absolutely astounding in it's import! **It's almost as if the curtain has been ripped back and we're now privileged to look lingeringly at the fabric of space and time...literally, the matrix or intricate framework that God employs to organize and order *all* events!** Shockingly, it would appear that *nothing* happens by chance!

Indeed, one of the greatest hallmarks of the ***Kenison Counting Numbers*** method is the *total* absence of subjectivity in producing valuable timing projections.

No guesswork is ever involved. The number counts are so simple a child could do them! You don't need a calculator, computer program or specialized knowledge. And, the reversal points projected are very precise and *completely* objective. **It's *all* right there on the chart...*exactly* where the next reversal energy in the market will be exposed...and correspondingly, *exactly* when the next projected reversal should be expected!**

And get this. ***Kenison Counting Number*** projections will ***never become obsolete***. They will *continue* with absolute objectivity to pinpoint within one day, week or month of specific number counts exactly *where* and *when* a market reversal of varying degrees of magnitude *should* appear. **You will find the ability to *anticipate, confirm* and then *act* on highly tradable precision market timing is literally invaluable.** And unquestionably, the counting numbers will continue unaltered to provide this top secret trade timing advice through all the years of your and your grandson's trading career!

How do we know this? Simply because years of exhaustive research has *proven* that whether you're looking at constructed charts from the last two centuries, the 1970's or last week, ***Kenison Counting Numbers*** work exactly the same in every era...with *exactly* the same phenomenal results!

Remember, these are the very *same* timing count numbers that historical and biblical research has *confirmed* have *proven* and very *definite* reversal energy associated with them.

I was extremely gratified to learn through years of ongoing research that ***Kenison Counting Numbers*** also worked *equally* well in projecting future reversal points in *all* types of markets, irregardless of whether you were analyzing stock, futures, options, forex or cash markets...*anywhere in the world!* **After learning this *universally* powerful market timing method, I guarantee you'll never look at price charts the same way ever again!**

So, let's roll up our sleeves and get started...

CHAPTER TWO

The Numbers!

The *Kenison Counting Numbers* market timing analysis is the *ultimate* solution to a problem that has dogged traders ever since markets began. To a large extent, trading success or failure hinges on *accurately* predicting when and where trending markets will reverse direction and start new trends...*and* when and where sideways *consolidating* markets will break out of the confines of completed *congestion* patterns and begin new *directional* trending movements either up or down. **What's so important from a trading standpoint is that it is precisely from one of these two specific points in time that markets will generally accelerate into dynamic new high velocity *directional* moves.** This is potentially where *really* big trading profits are made in relatively short periods of time. This is the objective of every successful trading strategy.

The powerful market timing method you are about to learn employs an *irregular* number counting sequence which *projects* timing points...*in the future...where reversal energy will be exposed with a high degree of reliability.* This innate tendency for reversals to occur on the *same* number counts for *all* markets when counting bars on a price chart forward in time from any recognizable high or low point in the past is breathtaking.

The *Kenison Counting Numbers* sequence identifies *exactly* 40 numbers...*all with demonstrable* reversal energy and contained in a number count from 3 to 188...representing the optimum time span to analyze for market timing purposes.

Research has shown that the *foundation* reversal timing number for this sequence...indeed the seminal number from which the rest of the *Kenison Counting Numbers* sequence flows is the number 3. It's remarkable that the Bible very clearly and on numerous occasions associates the number 3 with Jesus Christ. Remember the 3 gifts the wise men brought, the 3 plus years of his ministry, rising on the third day...*and* the divine trinity itself?

And, on this third planet from the sun, the number 3 also seems to hold a mysterious power over market timing and trading...as well as many other aspects of life on Earth.

Here are some *undisputed* and well known traditional charting examples that illustrate this...

In classical cycle analysis the dominant short-term cycle in every market is the three week cycle where cyclical low points tend to occur regularly at or about three weeks apart...the *only* cycle common to all. Interestingly, market *high* points also tend to be three weeks apart occurring either in the week just after the market registers a low or in the week just before the lows are made. If highs happen in the week just after the lows it is called *left* shifted and denotes a *bearish* down trending cyclical pattern. When highs occur in the week just before the lows it is called *right* shifted and indicates an ongoing *bullish* up trending cyclical pattern. It should be noted that cyclical analysis is notoriously fallible and unreliable and totally unusable for basing any trading decisions on.

Another example of the prominence of the number 3 is when a market gives a technical buy or sell signal, the initial directional *momentum* move will usually tend to last three days, three weeks or three months depending on whether you're looking at a daily, weekly or monthly chart.

Wave structure analysis tells us that every *completed* trending sequence subdivides into three smaller *impulse* or directional waves with each separated by *correction* or retracement waves for an overall total of five waves up or down...with *each* of these three impulse waves further subdivided into three smaller impulse waves separated by corrections.

Any trend line is normally revised by minor breaks *three* times before the major trend finally ends. It's the break of this third revision of the down trend or up trend that signals the beginning of a major *new* trend in the opposite direction.

A close examination of well known market directional *momentum* indicators like *Stochastics* and the *Relative Strength Index* usually show bearish or bullish *divergence* with prices on the last 3 lows or highs the market makes *before* the major trend changes dramatically.

Traditional technical analysis reveals other examples...

Most trending phases in a market will experience 3 price "*gaps*" where a market opening jumps up or down from a previous trading day's closing price with no trading occurring between the previous close and the current day's opening. This leaves an open space or *gap* on the price chart. Normally, a major five wave trending phase will see an initial *breakaway* gap which kicks off a new trend, a *measuring* gap which is usually positioned around the mid way point in the trend...and an *exhaustion* gap which is like a last gasp or surge that happens just before the trend expires. **This is not to be confused with a "*gap day*" where no weekday trading occurs due to holiday or other reason.**

Also, markets tend to trend up or down along 3 distinct support or resistance angles. For instance if a market is trending upwards at a 45 degree

angle, this is considered the norm for a directional trend. If the up trend is at the steeper 63 degree angle, the trend is demonstrating unusually dynamic strength and should continue in a robust manner for some considerable distance and time. If however, the up trend starts to move along a more shallow 26 degree angle, the trend is considered weak and will likely reverse downwards soon. As expected, a down trending market works similarly in reverse.

A trending market moving towards completing the fifth and final impulse wave before reversing into a new trend will normally find *support* in the case of a down trending market...and *resistance* in the case of an up trending market on what's called a "3 by 1" angle line. In an *up* trend, the line is drawn *from* the last identifiable high point *before* the market goes on to make a new high. In a *down* trend, the line is drawn *from* the last identifiable low point *before* the market goes on to make a new low. **The angle is determined on a *daily* chart by marking off a point three weeks horizontally to the right and then up the distance of one prominent grid line for *topping* markets...and down the distance of one prominent grid line for *bottoming* markets.** You can get some powerful synergistic effects by *combining* these natural support and resistance lines with *Kenison Counting Numbers* reversal projections. For instance, a market trading up into a projected reversal zone that is noticeably observing the restraint of the over hanging 3 by 1 line would provide us with further evidence that the anticipated top could prove to be a *very* powerful trend reversal to the downside.

The examples go on and on. So, it's no surprise that the number 3 leads off as the *first* number in the *Kenison Counting Numbers* sequence...a *very* solid foundation to build on.

As I've said in many seminars over the years, "nobody ever made any money in trading by telling the markets what they're *supposed* to be doing...you *only* make money by letting the markets tell you what they *are* doing." This presupposes of course that you understand the language of the markets and understand what they are telling you *when* they say something.

Kenison Counting Numbers* allow us to translate into *actionable* information *exactly* what the markets are saying about their own condition...*at all times! If for instance you are counting bars in an *up* trending market and the number counts are falling on *reaction* or retracement points against the major trend, then the market is considered to be in a *bullish* time count and the up trend will likely continue for some time. However, if the count suddenly falls on a *terminal* or new high point, then the market is considered to be in a *bearish* time count. This then alerts you without ambiguity to the fact that the up trend is vulnerable at the very least and may be heading towards an *important* top reversal very soon. The opposite of course is true in a *down* trend.

It was a real eye opener to me many years ago when I realized that it was **absolutely** impossible to get a handle on where the markets were going purely by studying the supply and demand characteristics of a market...otherwise known as a market's **fundamentals**. Even if you had the greatest research department in the world at your disposal, you would never ever know *everything*.

What is crystal clear however is that when you look at a market's price chart, you are very clearly seeing in a graphical presentation what **everyone** in the world who had an economic interest in that market **knew** about the supply and demand circumstances for that market...**for that day**. The little notch to the left of that day's bar is where the market opened for trading. The *top* of that day's bar on the price chart represents the highest price **everybody** in the world trading that market could push the value of that futures, stock, forex or cash market up that day. The *bottom* of that daily bar represents the lowest price everyone trading in that market could push the value of that market down that day. **And, the horizontal notch off to the right side of the bar represents the consensus closing opinion by everybody in the world who knew *anything* about the value of that market that day...and had demonstrated their economic interest in that market by committing their trading capital to it.**

It's important to realize that if a participant in the market knew anything **bullish** about the market that nobody else knew, he would start buying the market and immediately that buying pressure would result in prices moving **higher**. And of course the opposite is true for participants who knew something **bearish** about the market. It's all a matter of who knew what...and correspondingly how much capital they were willing or able to commit on the basis of that knowledge.

Price patterns established by the markets *themselves* every day represent *all* the fundamental information known about each market by *all* the participants involved.

So, what's the point? As it turns out we don't need to know anything about the supply and demand features of the market. **All we really need to know is *where* and *when* a market is *predisposed* to reverse its current trend...or complete its current reaction against the trend.** And, we need this knowledge presented objectively, reliably and on demand. As the answer to this need, *Kenison Counting Numbers* offers us a huge opportunity to profitably jump on board just as a market reverses and *before* others even know a reversal is in the making.

I'm constantly struck by the stark ***simplicity*** and total absence of subjectivity found in the *Kenison Counting Numbers* method...it is very precise...*no guesswork is ever needed*.

It's almost magical in the way a simple number count from a recognizable high or low point in the past can turn into a *projector* that pinpoints precisely where and when powerful reversal energy will be exposed...*in the future!* Even now...after decades of watching this timing method do it's stuff in markets around the world, I am constantly amazed.

It's been a real joy through innumerable seminars and private consultations over many years, to witness the light bulbs come on when students for the first time realize how simple and easy it is to time the markets with *absolute* precision.

So, without further suspense, here are the 40 *Kenison Counting Numbers* with *demonstrable* reversal energy...

>>>3, 5, 8, 11, 14, 17, 19, 22, 28, 31, 35, 41, 45, 51, 56, 61, 66, 71, 77, 81, 88, 91, 94, 101, 106, 111, 116, 121, 128, 131, 135, 141, 145, 151, 156, 161, 166, 171, 177, 188<<<

In the next chapter we're going to discover precisely *how* to use these extraordinary numbers to project and pinpoint reversals of every magnitude well into the future. By *anticipating*, *confirming* and then *acting* on the signals the market *itself* sends us, we can trade *in sync* with the market's own timing mechanism. And, since the market is *always* right, we get to piggyback on that success.

CHAPTER THREE

How to Count!

In this chapter you'll learn a whole *new* way to count...using *Kenison Counting Numbers*.

First, some definitions...

Most people can look at any price chart and readily see by eyeball to chart analysis whether a market is in an up trend, down trend or seemingly moving sideways. For our purposes, we need to be much more exacting and precise in identifying the *trend*.

Very simply, we define the **short-term trend** as the *current* direction in which the market is pushing beyond the previous day, week or month's range. For example, if today's trading range pushes *above* yesterday's high *without* later in the day dropping *below* yesterday's low, then the short-term trend is **up**. And correspondingly, if today's trading range drops *below* yesterday's low without later in the day pushing *above* yesterday's high, then the short-term trend is **down**. If today's trading range is contained *within* yesterday's trading range, the market is currently **short-term neutral**. Irregardless of whether you are looking at daily, weekly or monthly charts, the definition is the same...only the time frame is different in identifying a **short-term up trend** or a **short-term down trend**.

A **long-term trend** is equally easy to spot in so far as it does not pay attention to the individual wiggles and waggles of short-term trend direction change. A long-term **bullish** or **up trending** market will periodically make **retracement** or **reactions** against the up trend before reversing up and advancing to a **new move high**. A long-term **bearish** or **down trending** market will occasionally make retracement or reactions against the down trend before reversing down and dropping to a **new move low**. As long as the last trending **reaction point** in any up or down trending market has *not* been traded back through...otherwise known as a **reaction break**, then the current **long-term up trend** or **long-term down trend** remains intact.

The breaking of the *last* reaction point in an up trend, down trend or retracement is in its most elemental form the very definition of a **trend reversal**. The farthest extension the *old* trend reaches *before* the market turns and the reaction break occurs is the **reversal point**. It's always been very surprising to me to watch as so many so-called market professionals regularly ignore this red alert signal. **All their money losing problems could have been avoided if**

they had only *automatically* reversed when the market told them to...*exactly* at the point where the *last* reaction point in the trend was broken. When this occurs, a *new* and *reversed* trend begins. Quite frankly, this is one technical trading rule that should *always* be followed...irregardless of what the timing count may be!

You might ask...if you were to use this reaction break signal to enter a reversed direction trade, where would you place the *initial* stop loss point? You would place the stop just on the other side of the reversal point. The long-term trend would then be in the *same* direction as the move that caused the reaction break. And don't forget to lock in profits by *continually* moving trailing stops *behind* any time count reaction points or trending reaction points that develop in the *new* trend.

In the *Kenison Counting Numbers* method, a reversal occurring in a projected reversal zone...either long or short-term...is *confirmed* when the market continues trading back in the new *reversed* direction...and eventually trades *beyond* the *previous* day, week or month's trading range. In other words, a reversal is *confirmed* in a new reversed *up* trend when following the *bottom reversal point* a market subsequently trades *above* any previous day, week or month's high, depending on whether you're looking at a daily, weekly or monthly chart. Correspondingly, a reversal is *confirmed* in a new reversed *down* trend when following the *top reversal point* a market subsequently trades *below* any previous day, week or month's trading range.

When a trending market pushes up to a *new move high*...or drops down to a *new move low* where the most recent advance or decline *ends*...and then *confirms* a reversal pointing back in the *opposite* direction to the most recent trend, this is called a *terminal* reversal. As long as that reversal remains unbroken, it is considered an *end of trend* reversal. The number count where a reversal is *confirmed* in a *terminal reversal zone* is called a *terminal count*.

When a market *retraces* back *against* the most recent up or down trend...*without* pulling back *beyond* the point where the most recent trend began...then *confirms* a reversal that points towards resuming the initial trend, this is called a *completed reaction reversal*. A *trend reaction reversal* is confirmed when *following* a completed reaction reversal, a market then pushes up to a new move high or drops down to a new move low depending on the initial trend, thereby confirming a *trend resumption*. The number count where a reversal is *confirmed* in a *reaction reversal zone* is called a *reaction count*.

Why is recognition of *terminal* or *reaction* reversals so critical? Because any past reversal point becomes our *starting point* for new monthly, weekly and daily timing counts. We can then project potential *future* terminal or reaction reversal zones...all identifiable by *specific* number counts in the *Kenison Counting Numbers* sequence.

Why is this important? It's very important because, as we do our number counts, we receive automatic and ongoing **readings** on a market's **internal condition**. How? By simply identifying at every official number count whether any *confirmed* reversal is a **terminal** reversal or a **reaction** reversal. In other words, it allows us to get an instant reading on whether the trend is intact or on the verge of changing. **For instance, in a healthy bull market every timing count should be a reaction count in an ongoing up trend...and every terminal top count a warning that at least a momentary halt to the rally should be expected.** The opposite occurs in an ongoing bear market where confirmed **reaction** counts indicate the **down** trend is continuing...and confirmed **terminal bottom reversal counts** signal the down trend is ending. This holds true of course irregardless of whether you are doing your number count on a monthly, weekly, daily or intra-day chart.

So, what if a market subsequently comes back and breaks a confirmed reversal point? This is called a **time count violation** and happens occasionally when market forces overwhelm a point where reversal energy was focused and previously exposed. This constitutes a powerful **trend resumption and trend reversal** signal which indicates the market is resuming the old trend and reversing the most recent new trend...and usually in a very aggressive manner! **Our trading plan is prepared to take advantage of these potentially very profitable occurrences by turning on a dime and going with the flow.** Following time count violations, markets will normally accelerate sharply with *huge* directional spurts over a three day, three week or three month time period...depending on whether the violation occurred on a daily, weekly or monthly chart. **Very large windfall profits can be grabbed by immediately buying extremely low risk inexpensive trending options...priced around \$100...with only about a month and half to run.** Weekly signals work best with this short-term strategy where such options can drive into the money in just a matter of days! Use *daily* counts for timing exits on these in and out trades.

There are also more rare occasions when a market seemingly ignores a projected reversal zone and trades right through it with no attempt to reverse. This is identified as a **running time count violation**. In such cases, the directional move usually continues forward *just* to the next terminal count.

And lastly, there are two more charting definitions of importance...

The first is called an **"inside"** day, week or month and is defined as any trading range that is *entirely* contained *within* the trading range for the *previous* day, week or month.

Secondly, we have the related concept of an **"outside"** day, week or month, which is defined as any trading range that *exceeds* the boundaries above and

below the *previous* day, week or month's trading range. A **terminal** outside day, week or month is *always* a trend reversal signal.

Learning how to count...

First, an important ground rule when counting forward on *daily* charts...

Whenever a gap occurs on a price chart in a five trading day week because of a holiday or market closure, be sure and count that gap day...just as if there were a bar there on the chart. Interestingly, we do *not* count gap days when counting *backwards*.

Also, when counting *forward* from *any* identifiable monthly, weekly or daily high or low point on a price chart, start your count on the *exact* bar where the market reversed...and count that *starting point* as "one." The number counting sequence proceeds on from there.

The 40 individual counting numbers in the *Kenison Counting Numbers* sequence are divided by function into 3 *separate* categories...*projector* numbers, *objective* numbers and *extension* numbers.

The Projector Numbers are...

>>>3, 5, 8, and 19<<<

An important piece of the puzzle fell into place when it was discovered that *projector* numbers apparently function as powerful *focusing* devices that kick in just after the number count starts...*immediately* setting the trajectory of projected reversal energy targeted on *specific* pre-ordained counting numbers in the future.

So, how does the *adjusting* or focusing mechanism in *projector numbers* work? Here's the fascinating story...

The "5 shift" number count...

Counting from the *starting point*...which is counted as "one", we observe whether any reversal occurs *exactly* on *either* the 3 or 5 count...or both. If *no* such reversal occurs, we then *adjust* the count *following* the number 5 by counting the *next* number after 5 as "5 shift." The number count then proceeds normally with the *next* number after "5 shift" counted as "6" and so on.

The "8 shift" number count...

If a reversal occurs *exactly* on *either* the 3 or 5 count (or both) with *no* "5 shift" count registered...and *then* no reversal occurs *exactly* on the 8 count,

we then *adjust* the count *following* the number 8 by counting the next number after 8 as "*8 shift*." The number count then proceeds normally with the next number after "*8 shift*" counted as "9" and so forth. **Another distinction to remember...we do *not* apply shift counts to *intra-day* number counts.**

The "19" number count...

If a trending market confirms a reversal on a *terminal* 19 count, it is quite often a *trend continuation* signal projecting a high probability Zone 22 *reaction* reversal will occur in an ongoing trend.

Correspondingly, if a trending market confirms a reversal on a *reaction* 19 count, it is quite often a *trend completion* signal projecting a high probability Zone 22 *terminal* reversal is approaching fast.

Several important *additional* rules concerning shift counts...

- Whenever an "*inside*" day, week or month occurs on the day, week or month *following* a 3 count, then the 3 count is *not* considered a reversal for counting purposes...even if that day, week or month turns out to be where an *actual* reversal occurs.
- Whenever an "*inside*" day, week or month occurs on the day, week or month *following* a 5 count...and *no* reversal occurred on the 3 count, then make an adjustment in the count *following* the number 5 by counting the next number after 5 as "*5 shift*."
- Whenever an "*inside*" day, week or month occurs on the day, week or month *following* an 8 count...and no "*5 shift*" count occurred, then make an adjustment in the count *following* the number 8 by counting the next number after 8 as "*8 shift*."
- Whenever an "*outside*" day, week or month occurs *exactly* on the 5 count day, week or month...and no *confirmed* reversal has occurred on the 3 count...and the day, week or month *following* the number 5 is an "*inside*" day, week or month, then adjust the count following the number 5 by counting the next number after 5 as "*5 shift*."
- Whenever an "*outside*" day, week or month occurs *exactly* on the 8 count day, week or month...and no "*5 shift*" count has occurred...and the day, week or month following the number 8 is an "*inside*" day, week or month, then we make an adjustment in the count *following* the number 8 by counting the next number after 8 as "*8 shift*."
- When you encounter a situation where the day following a *gap* day is an "*inside*" day to the day preceding the gap...and the day following the gap would normally be a shift count, then count the gap day appropriately as *either* a "*5 shift*" or "*8 shift*."
- Please Note: only *one* shift count is allowed in *any* given number count...and *only* following *either* the 5 or the 8 count. It is of course also possible that circumstances will *not* require *any* shift count.

It's *very* important to note that the four *projector* numbers are the only *Kenison Counting Numbers* that are *single number reversal points*...as opposed to *all* the other counting numbers which are the *center day, week or month of three unit "reversal zones" or "timing windows."*

The Objective Numbers are...

>>>11, 14, 17, 22, 28, 31, 35, 41, 45, 51, 56, 61, 66, 71, 77, 81, 88, 91 and 94<<<

These then are the number counts that powerful waves of reversal energy are being projected *towards*. They represent the *center* number count of *specific* three unit number count targets...where with a *high* degree of probability reversal energy *will* be exposed. Since it is so crucial in our understanding of how to use the *Kenison Counting Number* sequence correctly, let me emphatically restate this. **It is very important to remember that *each* of these number counts is the *center day, week or month of a three day, three week or three month "reversal zone" or "timing window."*** These numbers represent the very *core* of the *Kenison Counting Numbers* method.

And, while each *objective* number listed above is important individually, there are some numbers that rank as *"first among equals."* We will explore that very interesting subject in the next chapter.

The Extension Numbers are...

>>>101, 106, 111, 116, 121, 128, 131, 135, 141, 145, 151, 156, 161, 166, 171, 176 and 188<<<

Following the *objective* numbers where it appears the *most* concentrated and focused reversal energy is targeted, we have a series of *extension* numbers which also identifying where reversal energy will *continue* to be exposed far into the future...but with more of a dissipating effect as the projected energy waves ripple farther and farther from the projector point. As with the *objective* numbers above, it is important to remember that *each* of these *extension* number counts is the *center day, week or month of three day, week or month "reversal zones" or "timing windows."*

How do we use these counting numbers to pinpoint important reversal points in the future?

It's really quite simple. For any market that *initially* trades *up* into a three day, week or month *reversal zone* or *timing window*, we should expect to see a *top* point of some consequence put in *during* that 3 unit time period.

Correspondingly, we should expect a potentially important *bottom* point to be put in *during* that 3 unit time period for *any* market that is *initially* trading *down* into a three day, week or month *reversal zone* or *timing window*.

As we've already learned, *any* reversal occurring within a 3 unit *terminal* or *reaction* reversal zone is *confirmed* when the market trades back in the *opposite* direction to the most recent trend...eventually trading *beyond* the trading range for the *previous* day, week, month...or 60 minute, 30 minute or 15 minute bar on an intra-day price chart. ***It could not be more simple!***

And remember, the most powerful reversal energy is usually exposed in the *center* day, week or month of a 3 unit *reversal zone* or *timing window*...with lesser degrees of reversal energy evident in the unit just *before* the center unit or the unit just *after* the center unit.

Now, here's the procedure...

First, we want to apply the *Kenison Counting Numbers* to the monthly charts to get the "*big picture*" to determine where all the three *month* reversal zones are located for the foreseeable future. This tells us exactly where and when the *next* projected three month reversal zone is expected. **We then apply the number counts to the weekly charts to determine where all the *weekly* reversal zones are projected *within* this larger three month reversal zone.** One can picture this analytical process as some sort of closed gate progression where individual time frames open then close as the market commits itself to certain directions in time. **And finally, in this macro to micro analysis we apply the *Kenison Counting Numbers* to the daily charts to further identify the three *day* timing windows contained within *each* of the three *week* reversal zones contained *within* the projected three month reversal zone we are currently watching.**

And, now here's the bottom line. **When we see a market that in all 3 time frames is trading up or down *into* projected terminal or reaction zones...in the *same* direction...at the *same* time, we get a very concentrated *focusing* of the reversal energy which spotlights that *specific* time and place as a prime candidate for an amplified and *extremely* powerful turning point!** Then all we need to do is watch for *confirmed* daily, weekly and then monthly reversals to *actually* occur one after another in an exquisite progression of confirming events.

In the next chapter, we will expand on the concepts we just introduced and look at how *Kenison Counting Numbers* can help us target *low risk* and *high profit* potential trading opportunities in real markets in real time.

CHAPTER FOUR

Zone 14!

"So all the generations from Abraham to David are fourteen generations; and from David until the carrying away into Babylon are fourteen generations; and from the carrying away into Babylon unto Christ are fourteen generations."...Matthew 1:17, KJV

First among equals...

Zone 14 of course refers to the **3 day, week, month or intra-day interval reversal zone centered on the number 14 count**. This includes the **13, 14 and 15 number counts**. As mentioned in the last chapter, some number counts in the *Kenison Counting Numbers* sequence appear to have a more powerful or dynamic reversal energy associated with them. **The number 14 count has perhaps the most powerful reversal energy of all the number counts.**

Any trending terminal count that confirms a reversal...within the 3 unit Zone 14, tends to have a more exaggerated reversal energy effect...resulting in a more dynamic and potentially more important reversal point being registered. For example, either a confirmed Zone 14 terminal top reversal point...or a confirmed Zone 14 terminal bottom reversal point usually results in a very strong end of trend signal...indicating a reversal of some magnitude is most likely in place.

Correspondingly, either a bullish or bearish confirmed reaction point reversal that sees the market turn within a 3 unit Zone 14 usually results in a very dramatic trend resumption signal...leading directly to an extremely powerful and dynamic major trend resuming directional move.

It's easy to see why some of our students focus on trading only Zone 14 confirmed terminal and reaction count reversals. There are even those who trade options exclusively that specialize in trading *only* confirmed *weekly* Zone 14 reversals. **It's a real joy to hear these option buyers report huge trading profits racked up in just a few short weeks with relatively small initial investments.** For example, when you sometimes see up to a 1,000 % gain on a \$300 per contract pre-determined risk...in less than 10 weeks, you *truly* have something to celebrate!

Needless to say, we're constantly on the lookout for such power play reversals in order to take timely advantage of every potentially profitable trading opportunity the markets send us.

"The Five Fingers of the Fist of Power"...

This descriptive phrase has been used by some enthusiasts to describe the *five* number counts in the *Kenison Counting Numbers* sequence that as described above tend to have much more *exaggerated* reversal energy associated with them. The turns identified with these numbers tend to be of the more important "*end of trend*" and "*end of reaction*" variety.

The numbers are...

>>>5, 8, 14, 22 and 28<<<

And of this powerful grouping, it would appear that the 14, 22 and 28 counts are the *most* powerful reversal counts.

However, it should be recognized that *any* counting number in the *Kenison Counting Numbers* sequence *could* provide the all important *terminal* reversal point or *reaction* completion point for a potentially very profitable trading opportunity. Why is this so important? Quite simply because whatever number count works, it provides us with the exact *exit* point for *current* trending trades...and just as importantly, it provides us with the exact *entry* point for *new* and *reversed* direction trades. **This gives us the ability to become even *more* adept at turning on a dime...to literally wrench every trading profit possible out of every situation...in every market!**

"The Closed Gate Strategy"...

As we mentioned in the last chapter, our preferred method of pinpointing trade timing opportunities is to begin by doing number counts *first* with the *monthly* charts, then the *weekly* charts, next the *daily* charts and finally for the more exacting...the *intra-day* charts.

By first analyzing the monthly charts, we can make sure that *any* trading opportunity we isolate is in *harmony*...or described another way...*"in sync"* with the "big picture" monthly count. This mandates we will *always* have the proper orientation to maximize potential for *any* trade we are considering. Trades isolated in this manner tend to be of the more dynamic fast profit generating variety. Why? **Because *all* underlying time elements are working together in unison...instead of at cross currents with each other which tends to dilute or interfere with the sharp focusing of *combined* reversal energy.**

For example, we might see a circumstance where the S&P stock index *monthly* chart is currently entering a *terminal* three month *top* reversal zone by *initially* trading *up* into the zone. And, as we carefully track the

market, we see the lead month S&P contract trade *above* the June high going into July...in a situation where *Kenison Counting Numbers* have projected a three month reversal zone *centered* on the month of August. **This immediately tells us a very important fact...that the market has committed itself to the possibility of a major top occurring sometime during the period of the three month reversal zone.** In this case, there is a *high* probability the market will make an important top in July, August or September. **The exact moment the market commits itself to trading either up or down into the projected monthly reversal zone is precisely when the first gate closes.** Irregardless of whether the market initially trades up or down into the zone, we immediately *know* that the market is *predisposed* to make an important top...or bottom.

Already we have critical market intelligence the vast majority of market participants don't have...and we can now *anticipate* the trading stance we may want to pursue.

Next, we would identify all potential *weekly* chart *terminal* top reversal zones contained *within* the current three *month* reversal zone just entered...and then watch carefully for the *exact* moment the market *initially* trades *up* into one of these projected three *week* reversal zones. When the market *does* commit itself by trading *up* into a *weekly* zone contained within the *monthly* zone in question...then, the *second* gate closes.

Now we have *additional* information. We know the potential is *very* high the market will not only top in the current three month period...but more importantly there is a *high* probability it will likely top *during* this current three week window. We want to remember of course that this all remains in the category of *anticipation* until the market *actually* confirms these reversals in fact.

We would then apply the counting numbers to the *daily* chart to look for a similar situation where the market *initially* trades *up* into a three *day* terminal top reversal zone contained *within* the current three *week* reversal zone. And, if a circumstance arises where the market *does* commit itself in such a manner...the *third* gate closes.

We now have another *critical* piece of market intelligence. We have narrowed the potential major top to one occurring sometime within the *current* three day reversal zone or timing window. **This further isolates or focuses the trading opportunity to one where all three time frames are pointing in the same direction at the same time...what some have called "getting all your ducks in a row."**

At this point, another time frame can be introduced...*intra-day* analysis. For instance, *Kenison Counting Numbers* work equally well on 15 minute charts where each bar represents a 15 minute trading span within the daily trading range. **When counting on any 15 minute price chart from the starting point**

of a top or bottom reversal point in the past, what we see are three 15 minute units...or, to put it another way...*45 minute* reversal zones being projected...*far into the future*.

As you might imagine, when counting 60 minute intra-day price charts, we are projecting *three hour* reversal zones into the future. And, if you use the number count on 30 minute intra-day price charts, you will project an *hour and a half* reversal zones into the future.

You will notice when counting *intra-day* bars that exaggerated or *amplified* reversal energy is also registered with the “five fingers” counting numbers...*especially* those reversal zones associated with the counting numbers 14, 22 and 28. And again, those turns identified with these numbers tend to be of the “end of trend” and “end of reaction” variety. Make a note that one of the best websites for FREE intra-day price charts is <http://www.ino.com>.

And now back to our S&P example above. By identifying potential *terminal top intra-day* reversal zones contained *within* the current three *day* reversal zone, we can witness a *fourth* gate closing if the market *initially* trades up into just such a reversal zone.

Now, remember this important point. When, as illustrated in our S&P example above, a top reversal is finally *confirmed* in *either* a projected intra-day *or* three day reversal zone, it pinpoints our put buying entry point *exactly!* It also *exactly* marks the point where we would go short S&P futures with a close-in stop on just the other side of the reversal point...*or* sell short in the stock market. This is *truly* precision market timing in action!

As we see *confirmed* daily reversals lead to *confirmed* weekly reversals and eventually *confirmed* monthly reversals, the foundation for long-term trends falls into place. We now see how this macro to micro timing analysis fits *perfectly* into our market timing credo to “*Anticipate...Confirm...then Act!*”

And finally, I’ve been asked many times...if you could use only *one*, what is the *most* important time frame to analyze for trading options on the “*buy*” side? The answer without hesitation is the *weekly* charts. Why? It’s because *weekly* buy and sell signals fit the time period best for holding option positions for maximum leverage and profit appreciation. An option trade that is entered following a *confirmed* weekly terminal reversal *or* a *confirmed* weekly reaction reversal *usually* sees a *new* directional momentum spurt that ultimately exhausts itself in a weekly Zone 5, 8, 11 or 14 *terminal* count.

In the next chapter, we will begin a thorough chart examination of the *most* powerful reversal patterns in existence...and how *Kenison Counting Numbers* are used to *pinpoint* their trend turning and reaction wave completion points.

CHAPTER FIVE

The Patterns!

In this chapter, we will identify the *most* powerful chart reversal patterns in existence. We will carefully study how *Kenison Counting Numbers* pinpoint *exact* trade entry points as these patterns are completed...just *before* new and reversed trends accelerate dramatically. This allows us to predictably and repeatedly maximize profit potential and minimize risk on each trade...*over and over again!*

Think of these patterns as a gun being cocked. Our counting numbers isolate the *precise* moment the trigger is pulled.

Even if you can't readily recognize these patterns as they develop, our counting numbers *continually* give us the ultimate reading on any market's *current* internal condition. How? We simply observe whether forward counts from high and low points in the past are falling on confirmed *reaction points* or *terminal points*. If falling on *confirmed* reaction points, we *know* that the current trend is continuing or resuming. If the counting numbers fall on *confirmed* terminal points, we *know* that the *current* trend is ending.

We are talking about *absolute certainty*. No guesswork is required. The chart examples we will be examining are provided simply as an aid in helping you identify reversal patterns with explosive profit potential...to literally help you recognize them as they evolve in real markets in real time. **However, never ever lose sight of the fact that a timing count projection of *when* powerful reversal energy will be exposed in the future remains the bedrock of successful market timing...irregardless of whether an identifiable pattern exists or is completed.**

Here are a few basic definitions to remember. A "*flag*" formation on a price chart refers to a price *consolidation* or *congestion phase* that interrupts a trend temporarily. When the pattern is completed, the original trend normally resumes...quite often with explosive intensity. *Bull flag*, *bull market* and *bullish* refer to an up trend. *Bear flag*, *bear market* and *bearish* refer to a down trend. **Markets usually go down three times faster than up, making bearish patterns potentially very profitable trading opportunities.**

There are only two *technical* timing signals that should *always* be observed and followed. First, a *reaction point break* is an *absolute* trend reversal signal. Secondly, any terminal *outside* day, week, month or intra-

day reversal is also an *absolute* trend reversal signal...irregardless if it's in conformity with the number count or not. An *outside* reversal is any bar on a price chart that trades above *and* below the previous bar...and closes in the *opposite* direction to the most recent trend. If trading options, buy puts or calls in the direction of the reaction break or terminal outside day reversal one hour after the *next* trading day's opening. If trading futures, stocks or forex, enter a trade in the direction of the reaction break or terminal outside day reversal on the *next* trading day's opening...with initial stops placed behind the most *recent* reversal point. **After *either* of these two technical signals, a *new* time count should be started by counting the most *recent* reversal point as number "one."** Of course, all other *concurrent* timing counts should also be continued. **Any new trades made on the basis of these signals should be liquidated on any subsequent *confirmed* terminal count reversal.** This is *always* our signal that the trend we are trading is at or near exhaustion...at least for the time being.

And remember, *new* trades entered on *confirmed* terminal outside day reversals, terminal reversals *and* reaction completion reversals that occur in Zone 14, 22 or 28 tend to be the *most* profitable, *least* risky and *fastest* moving trades you can make. Many students trade these *exclusively*.

Now, here are the chart patterns to carefully study...

- **Figure 5 - 1: *Five Wave Down Trend*** shows the normal wave structure of a down trend, including time count starting points...Page 30.
- **Figure 5 - 2: *Five Wave Up Trend*** shows the normal wave structure of an up trend, including time count starting points...Page 31.
- **Figure 5 - 3: *Bear & Bull Flags*** with starting points...Page 32.
- **Figure 5 - 4: *Irregular Bear & Bull Flags*** with starting points...Page 33.
- **Figure 5 - 5: *Top To Top & Bottom To Bottom***...Page 34.
- **Figure 5 - 6: *Five Wave Down Convergence Counts***...Page 35.
- **Figure 5 - 7: *Zone 14 Terminal Count***...Page 36.
- **Figure 5 - 8: *Terminal Outside Reversal***...Page 37.
- **Figure 5 - 9: *Bull Flag & Convergence Counts***...Page 38.
- **Figure 5 - 10: *Bottom To Bottom***...Page 39.
- **Figure 5 - 11: *Top To Top***...Page 40.
- **Figure 5 - 12: *Daily Chart Irregular Bear Flag***...Page 41.
- **Figure 5 - 13: *Daily Chart Irregular Bull Flag***...Page 42.
- **Figure 5 - 14: *Irregular Top To Top Count***...Page 43.
- **Figure 5 - 15: *Bearish Reaction Wave***...Page 44.

Visit <http://www.futuresource.com> and sign up for *free* Premium Charts. You get monthly, weekly, daily *and* intra-day charts with technical studies. Watch for a *divergence* between price and stochastics as prices make new highs or lows and the blue stochastic line doesn't. **Loss of directional momentum *combined* with confirmed reversal zone projections is *extremely* powerful!**

Five Wave Down Trend

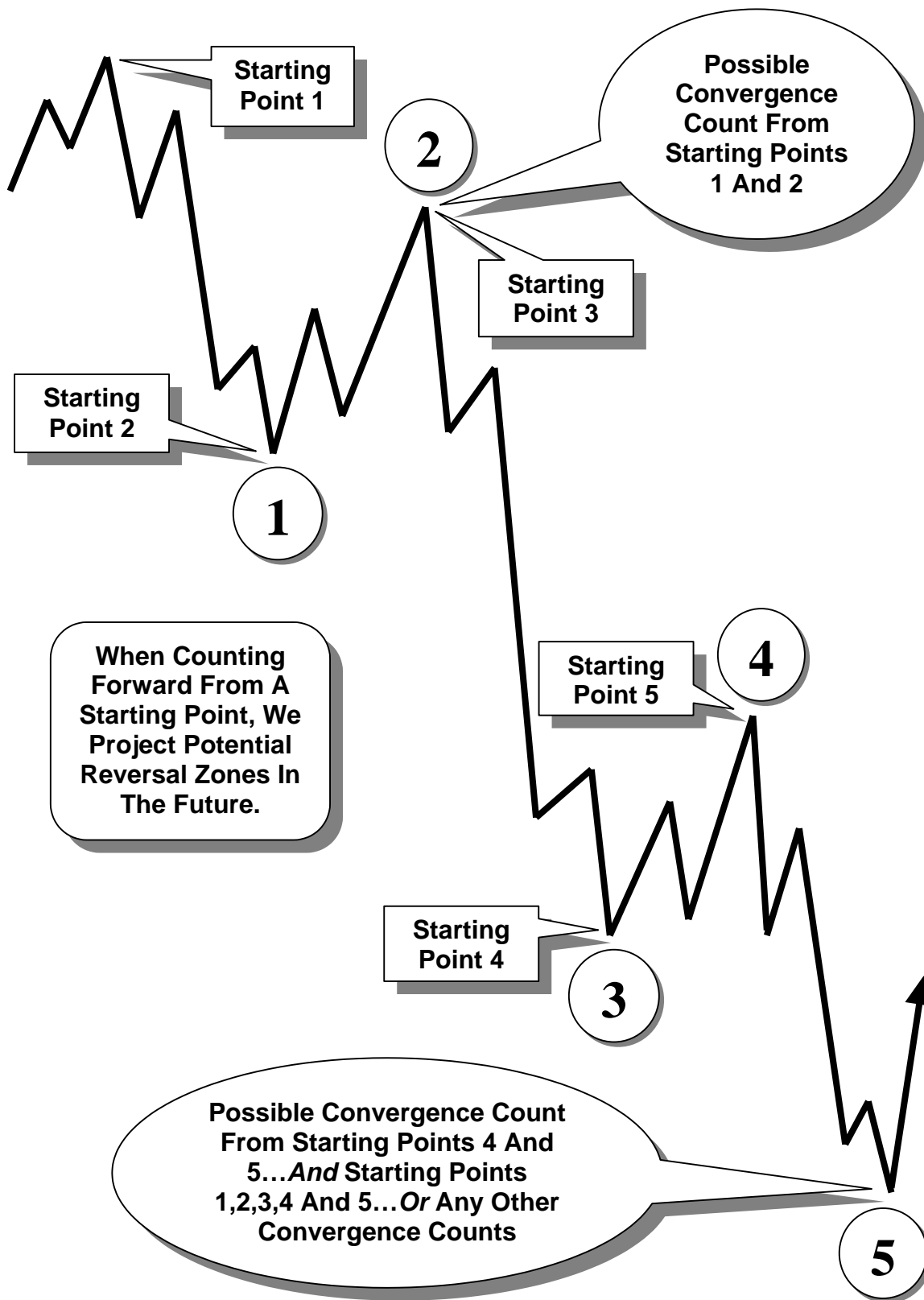


Figure 5 - 1

Five Wave Up Trend

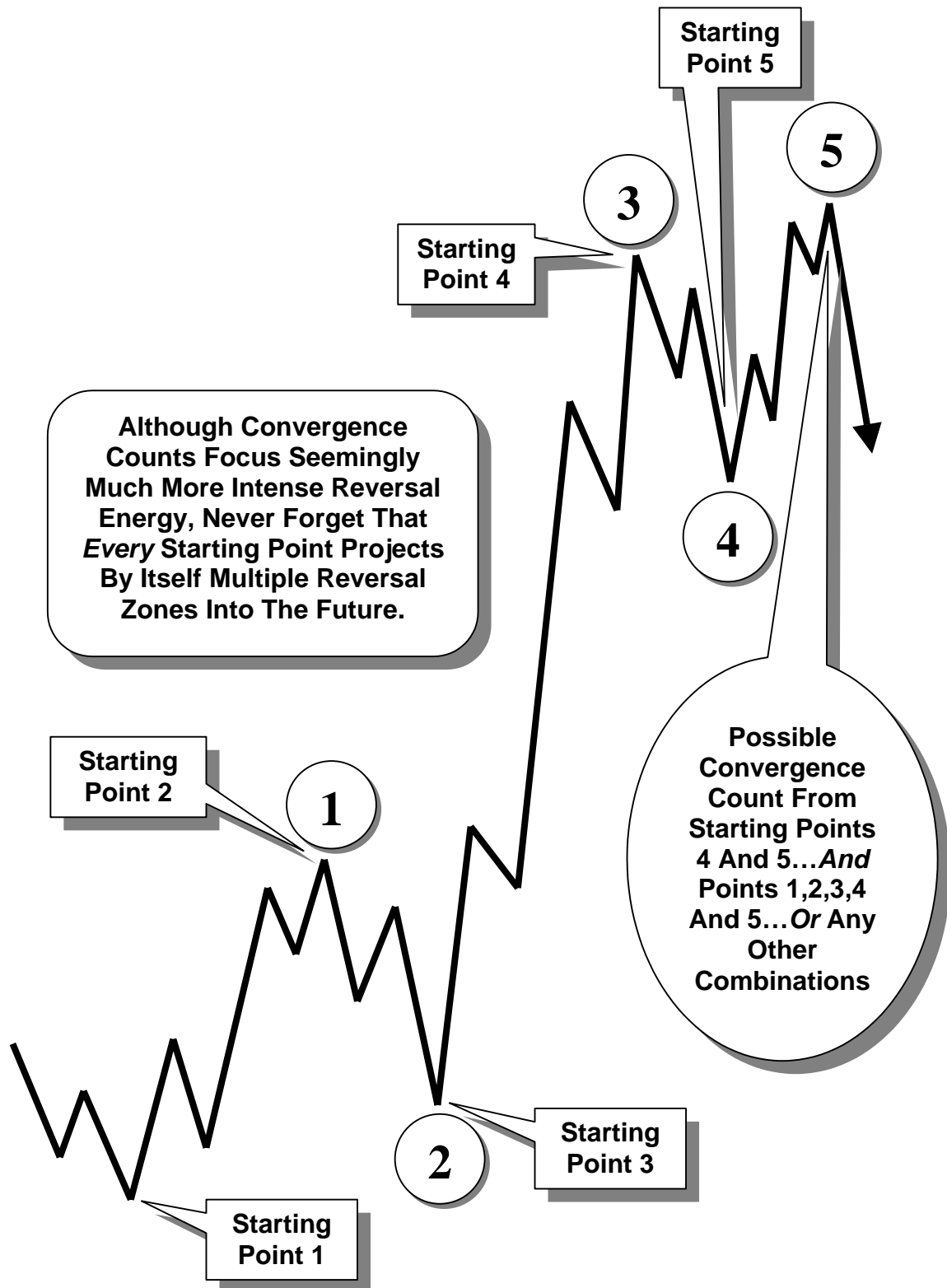


Figure 5 - 2

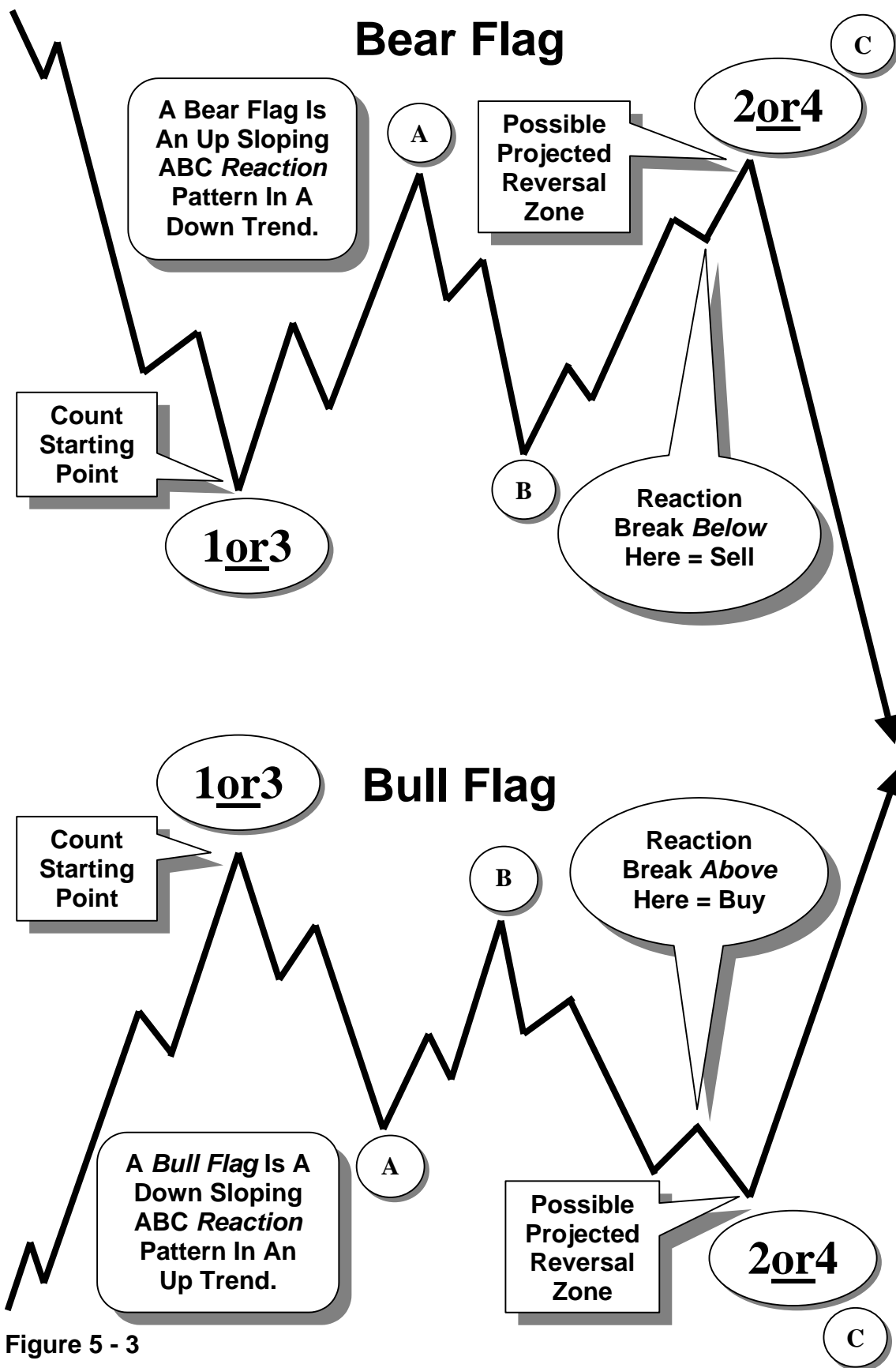


Figure 5 - 3

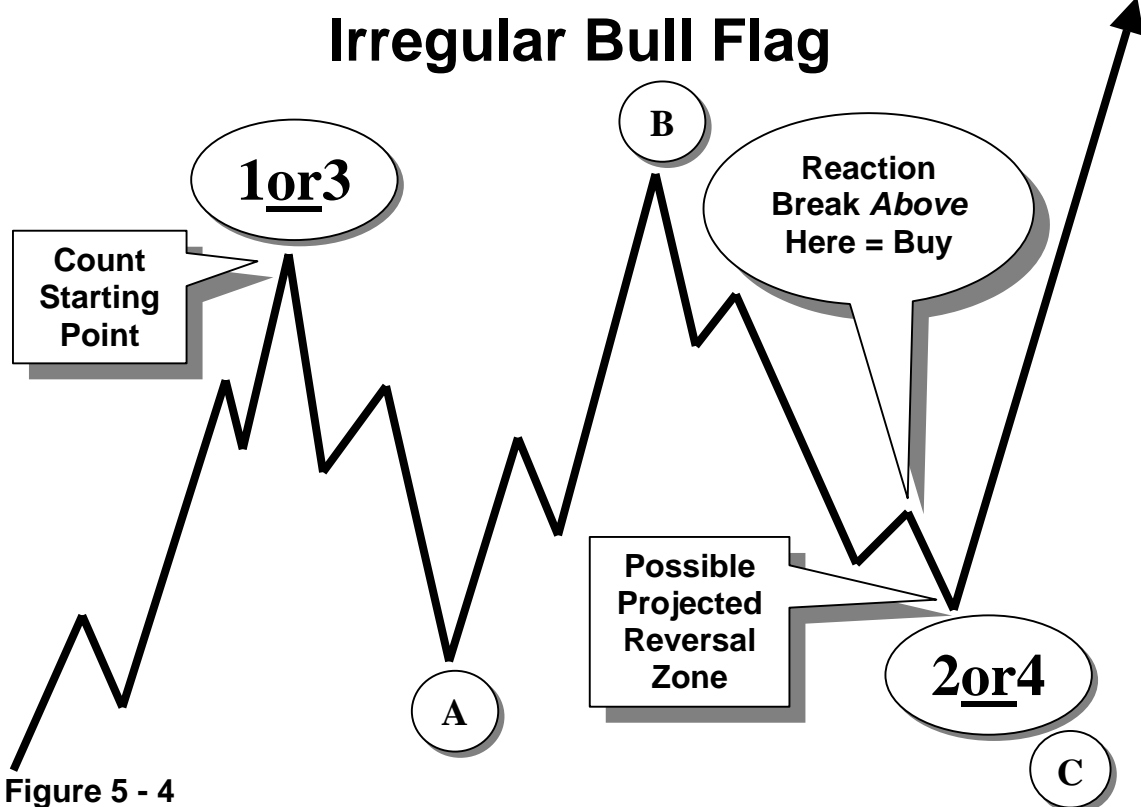
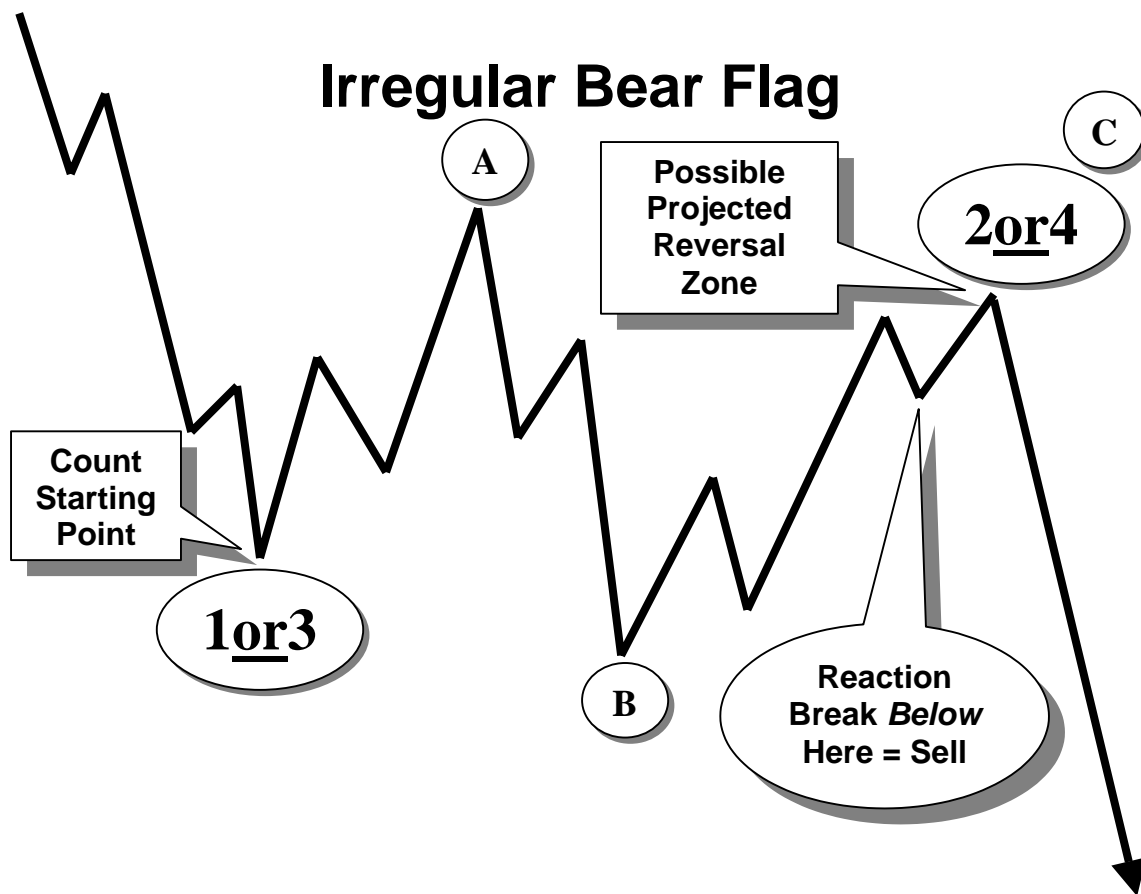


Figure 5 - 4

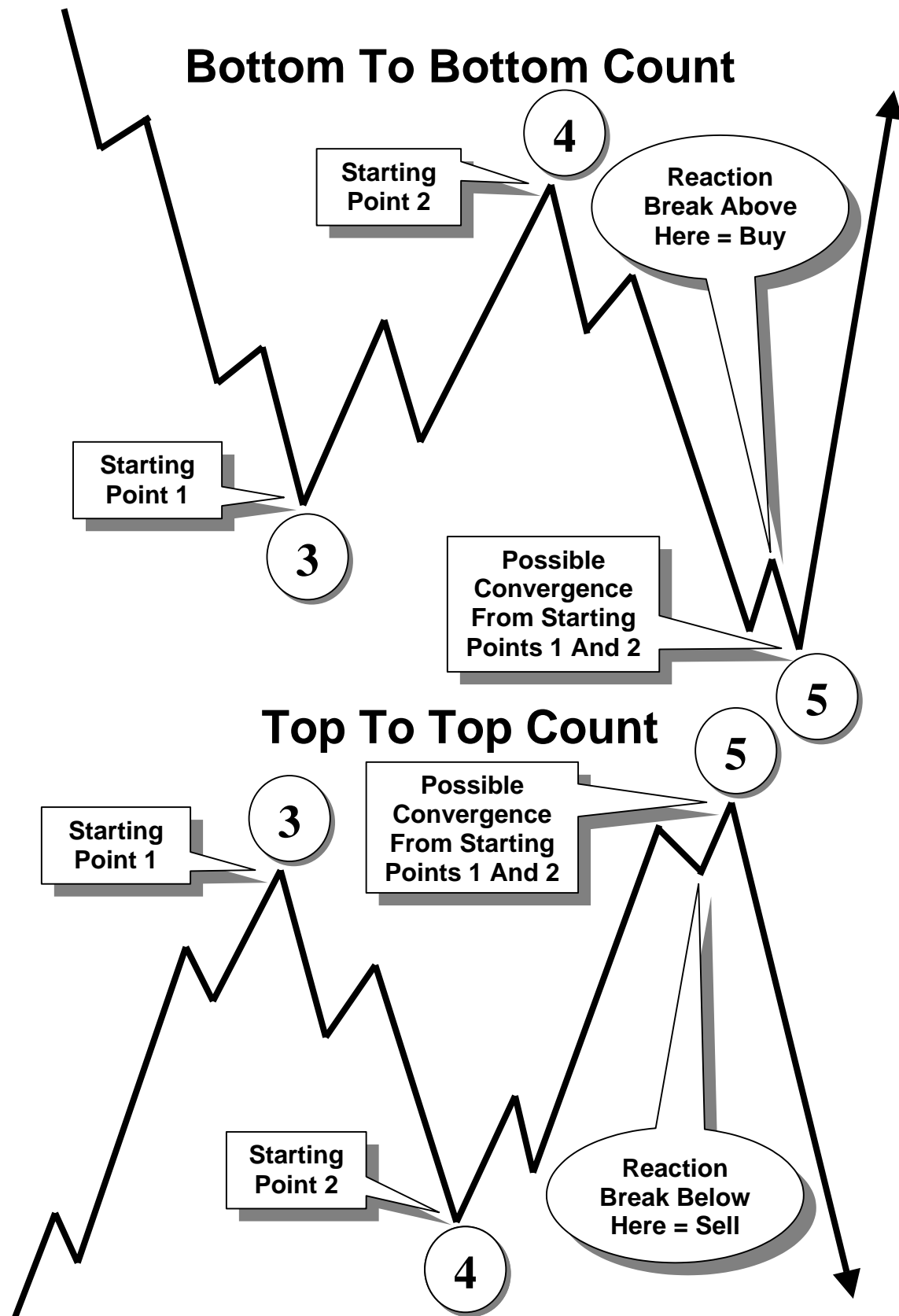


Figure 5 - 5

Five Wave Down Convergence Counts

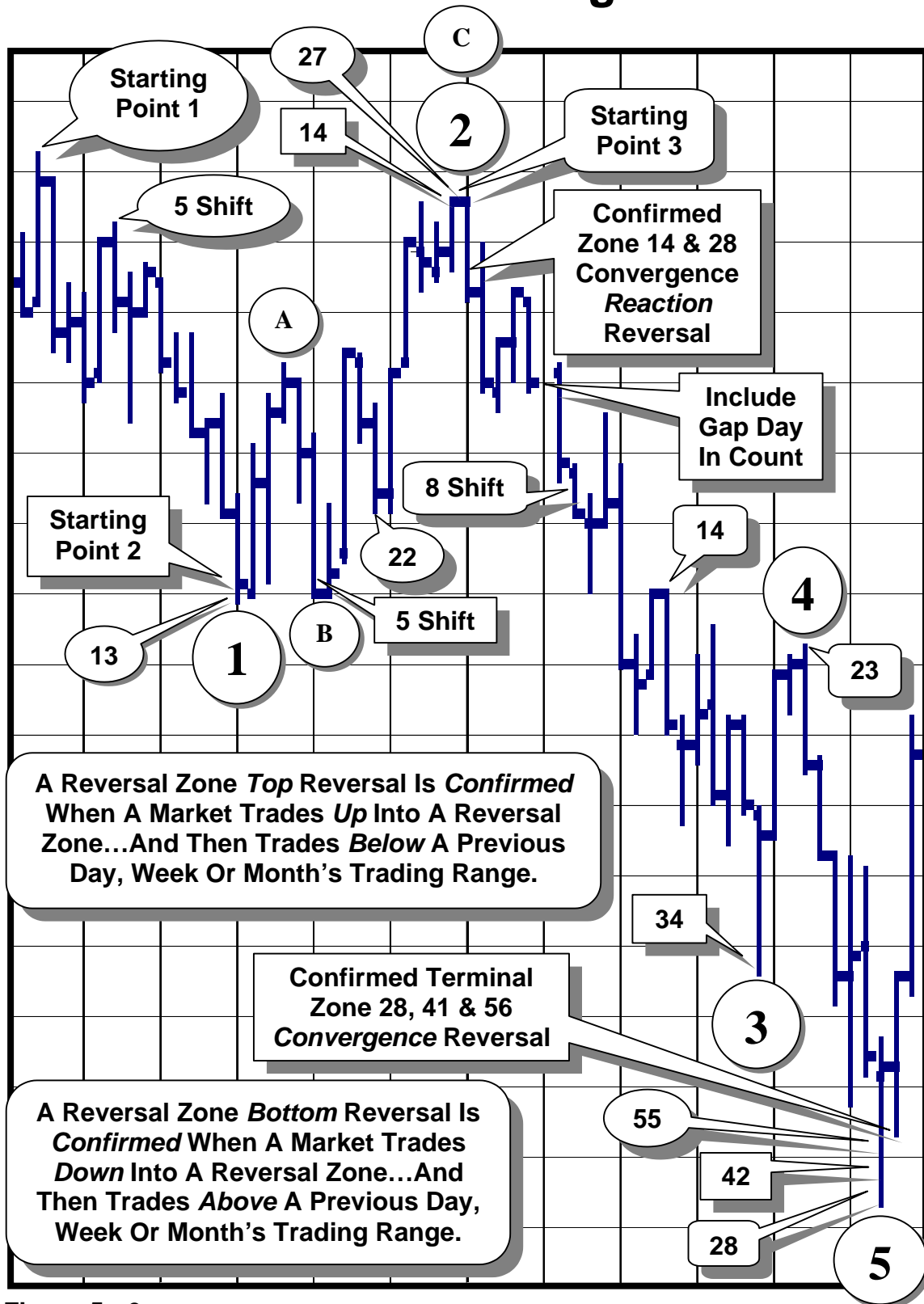


Figure 5 - 6

Zone 14 Terminal Count

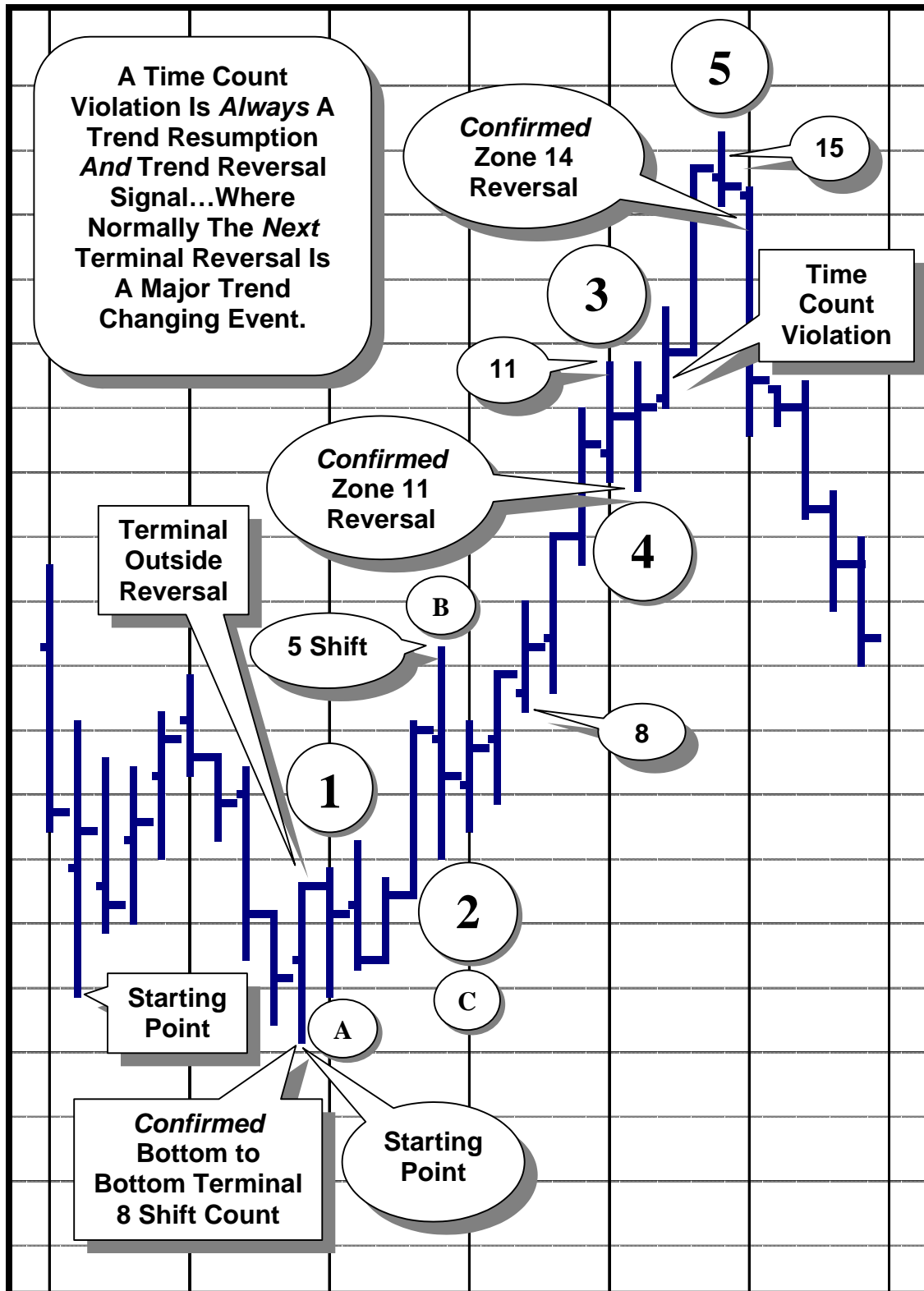


Figure 5 - 7

Terminal Outside Reversal

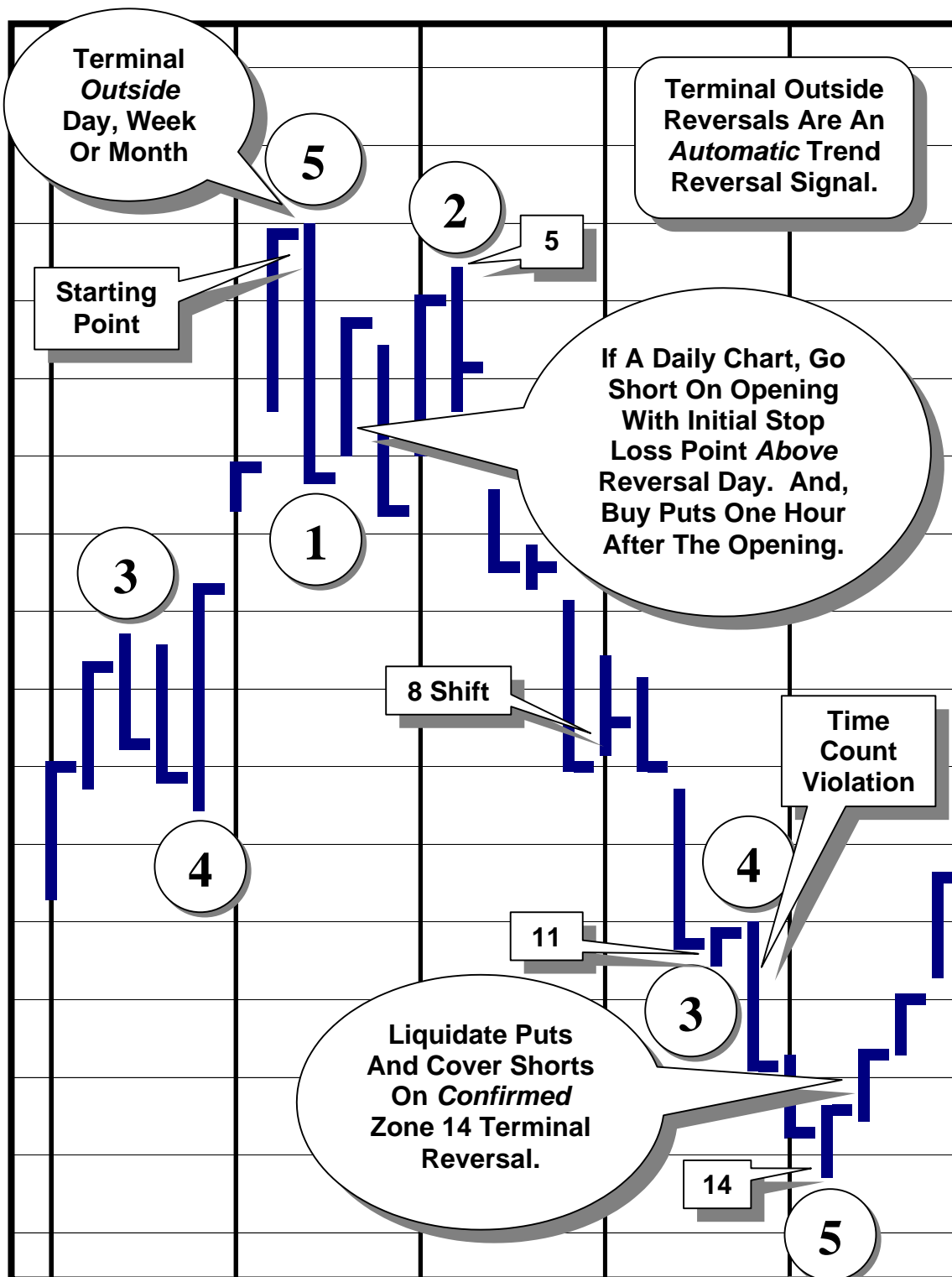


Figure 5 - 8

Bull Flag & Convergence Counts

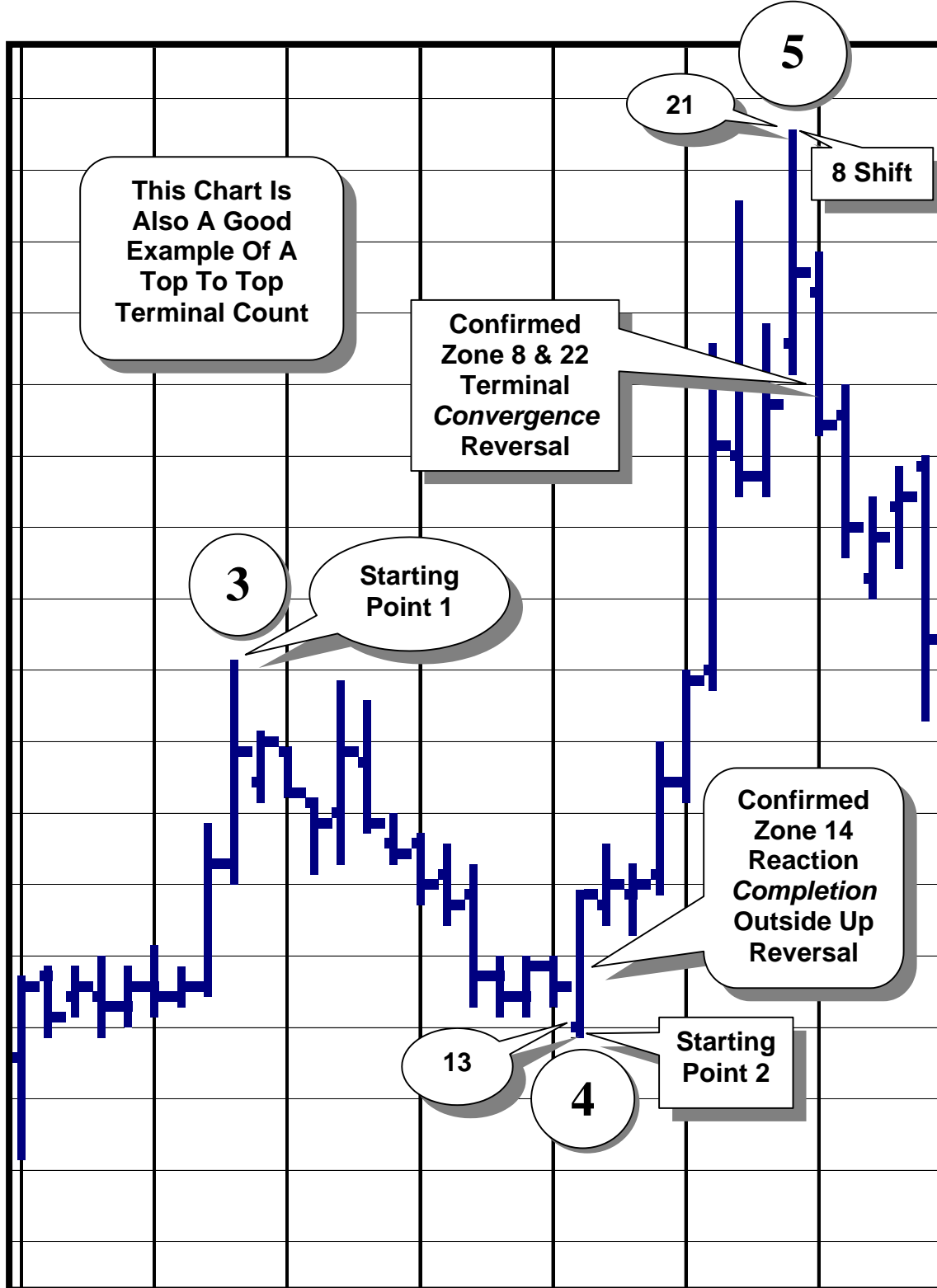


Figure 5 - 9

Bottom To Bottom Count

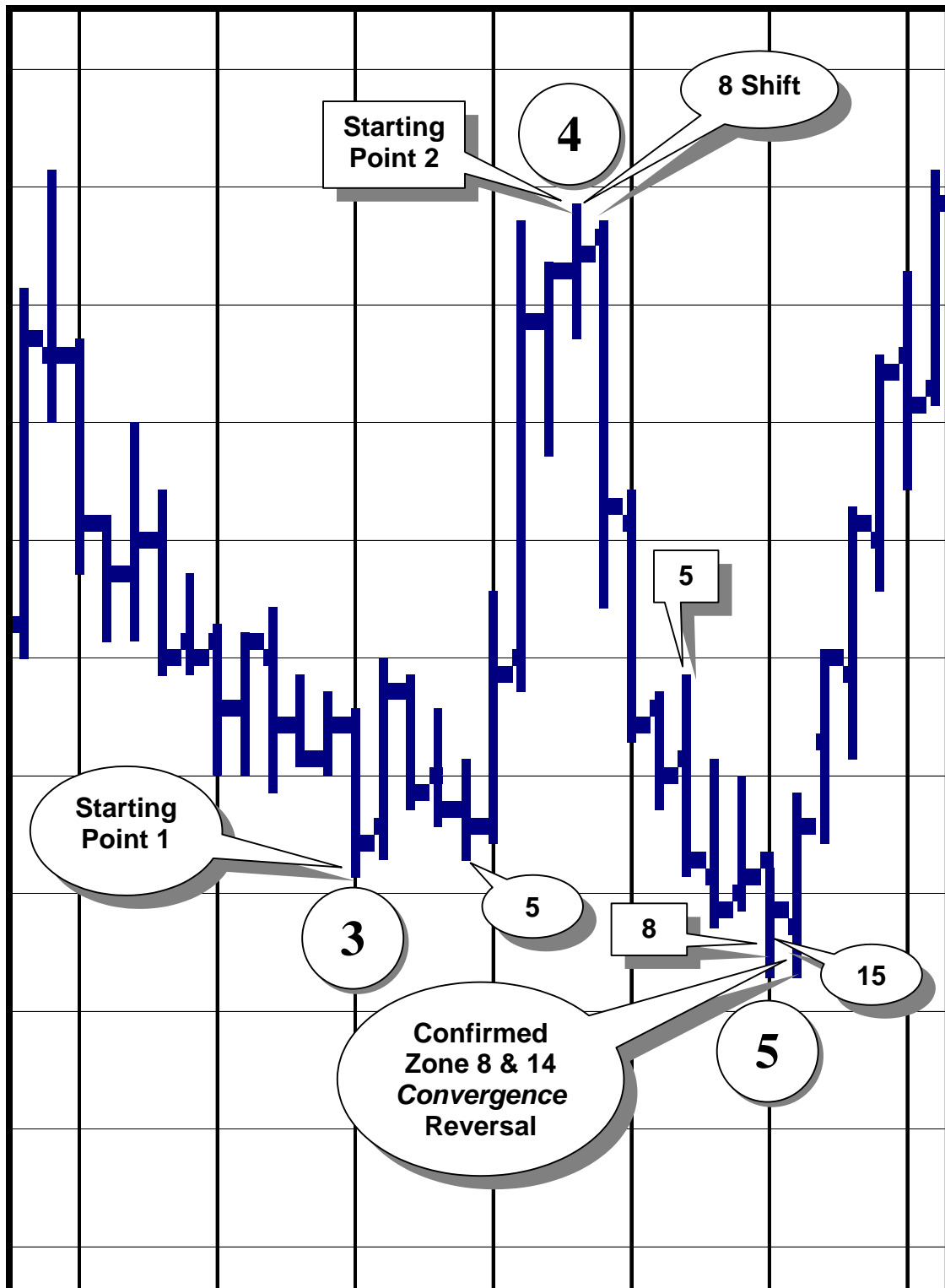


Figure 5 - 10

Top To Top Count

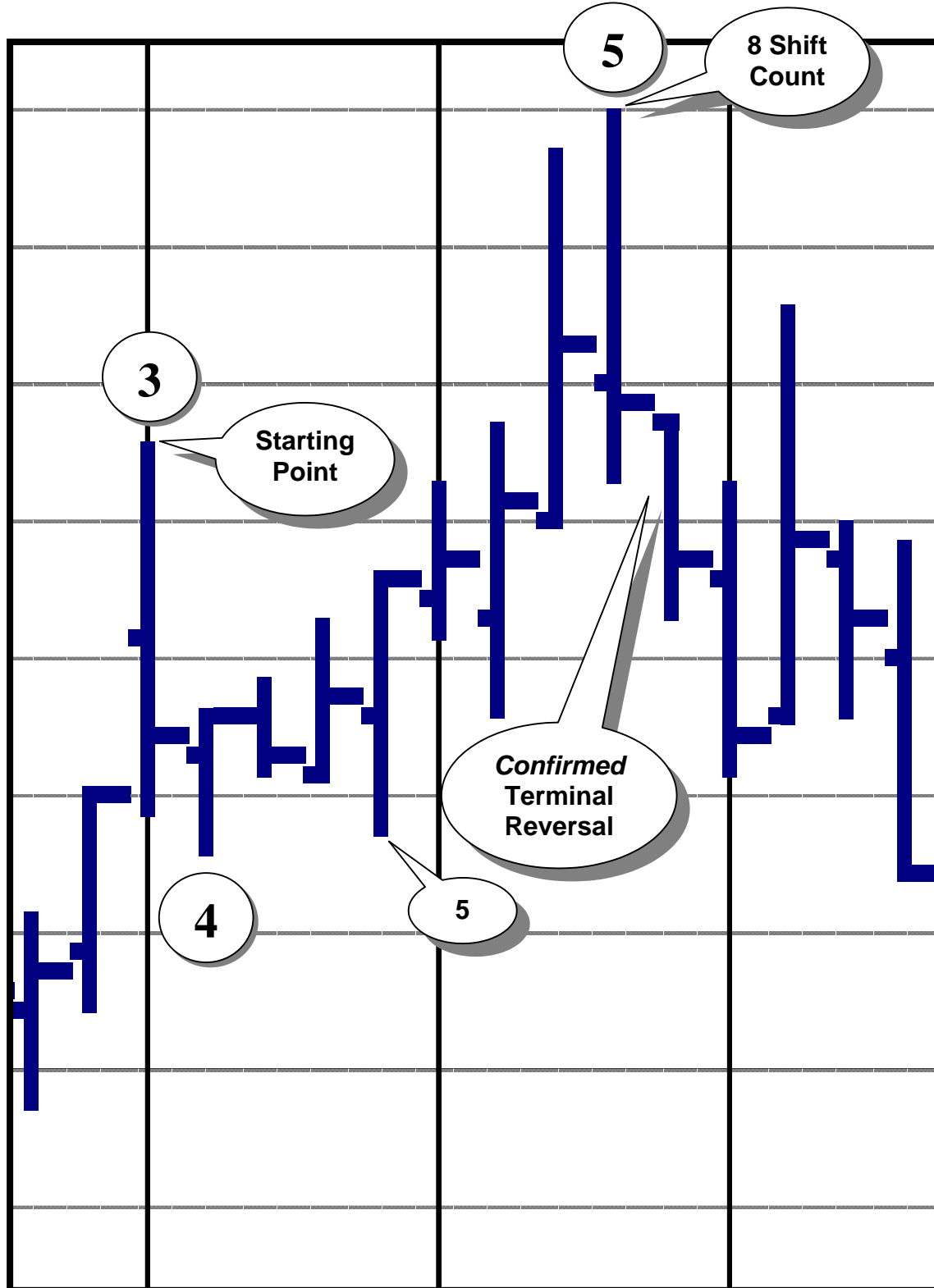


Figure 5 - 11

Daily Chart Irregular Bear Flag

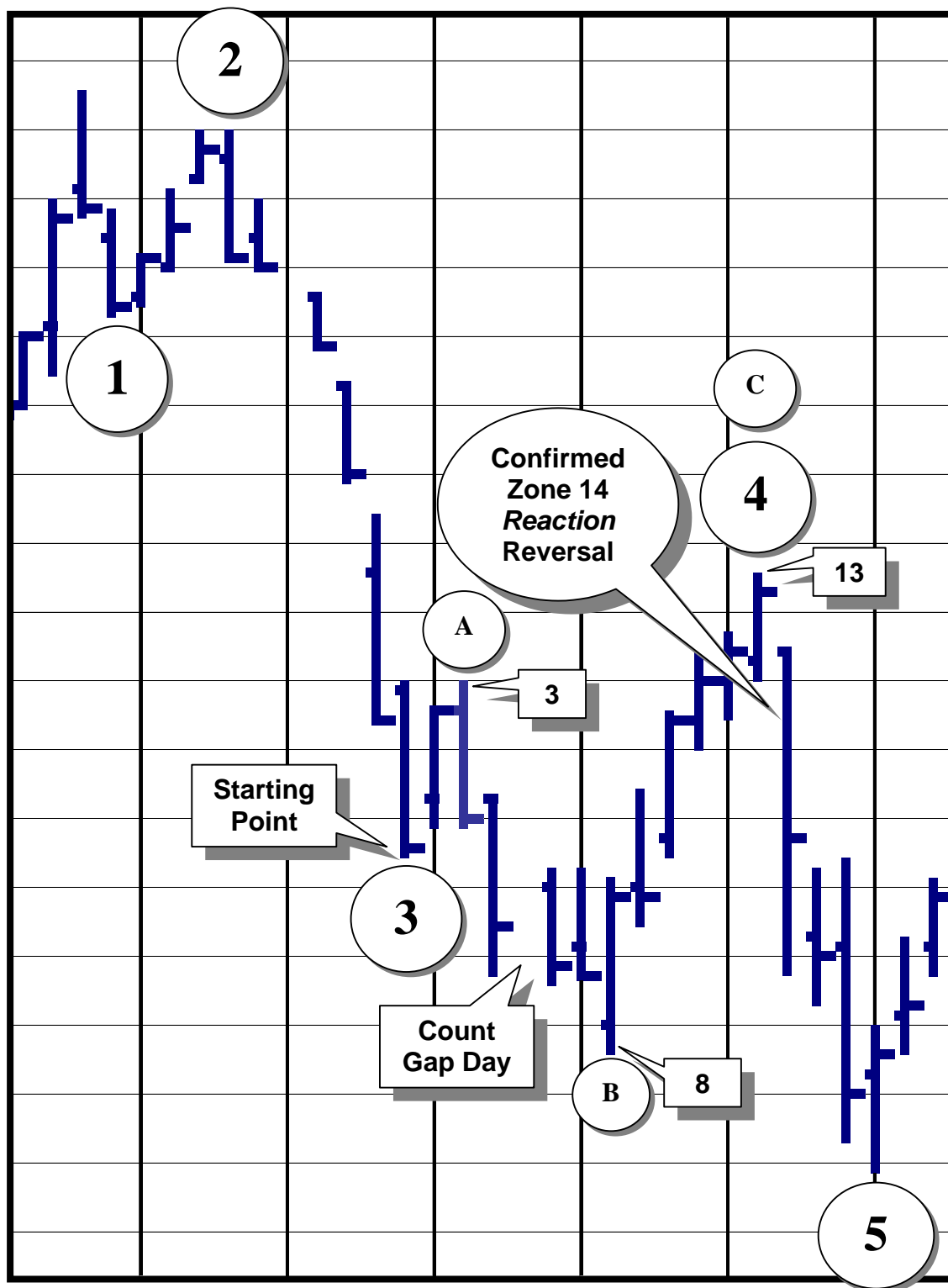


Figure 5 - 12

Daily Chart Irregular Bull Flag

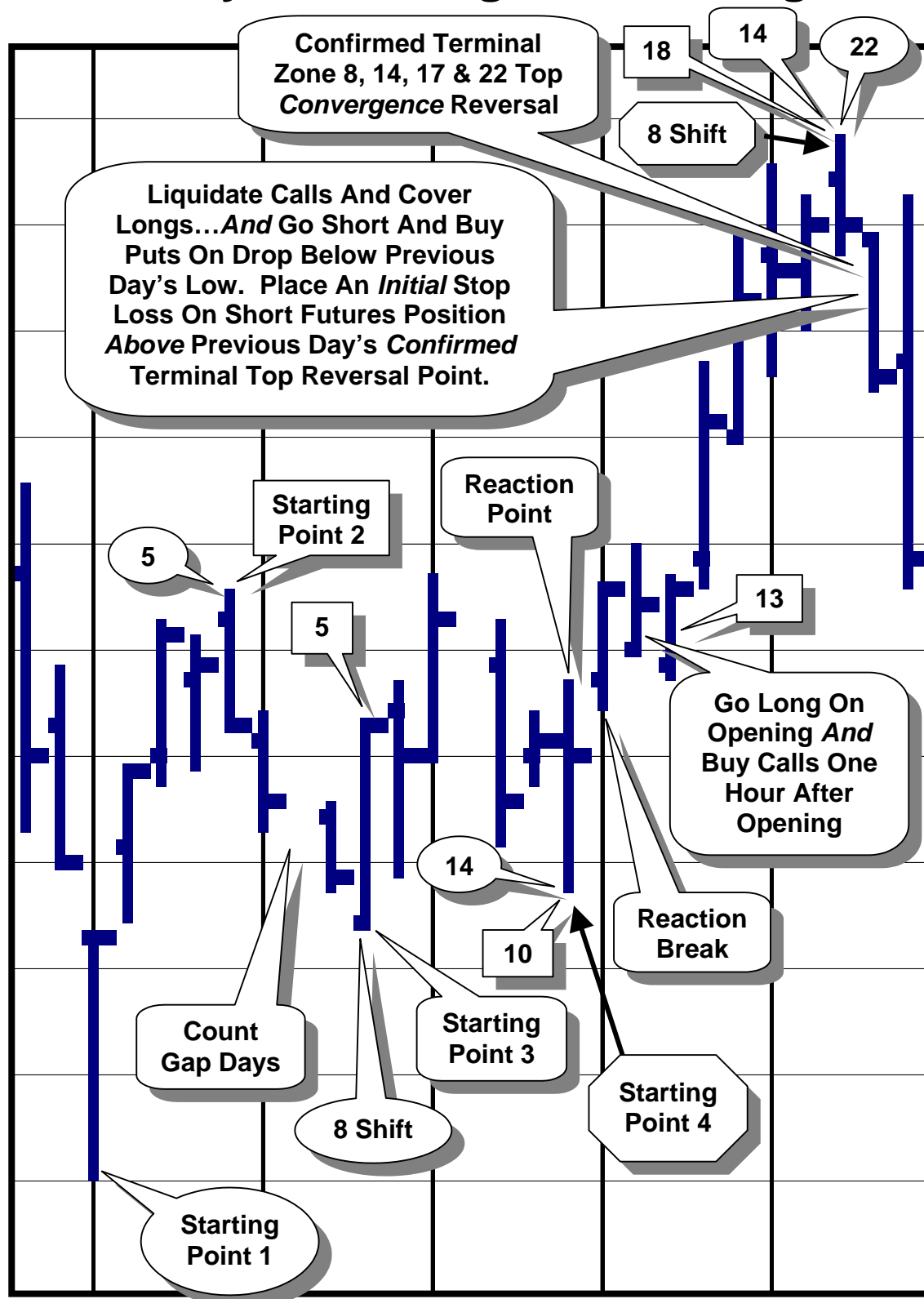


Figure 5 - 13

Irregular Top To Top Count

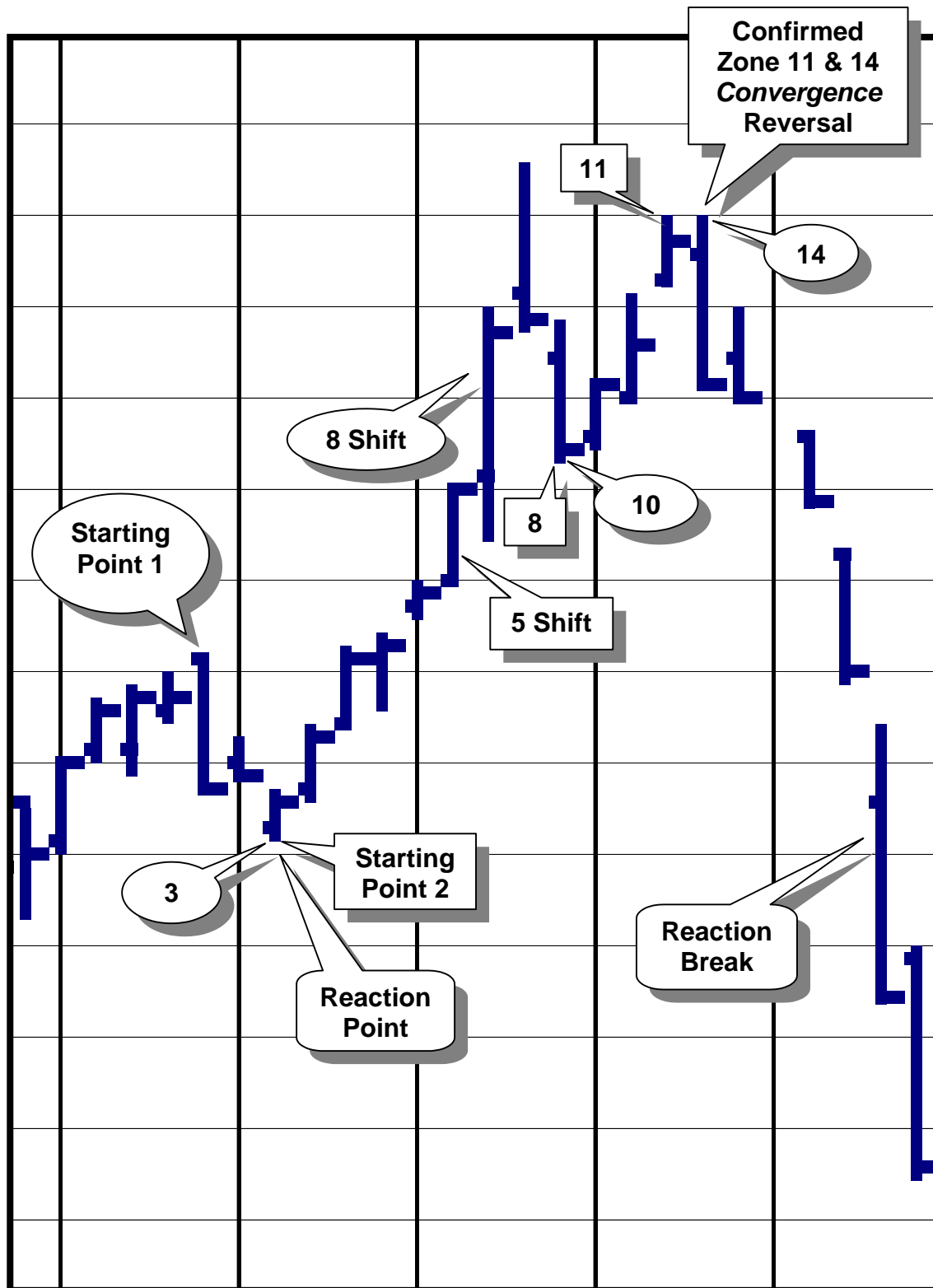


Figure 5 - 14

Bearish Reaction Wave

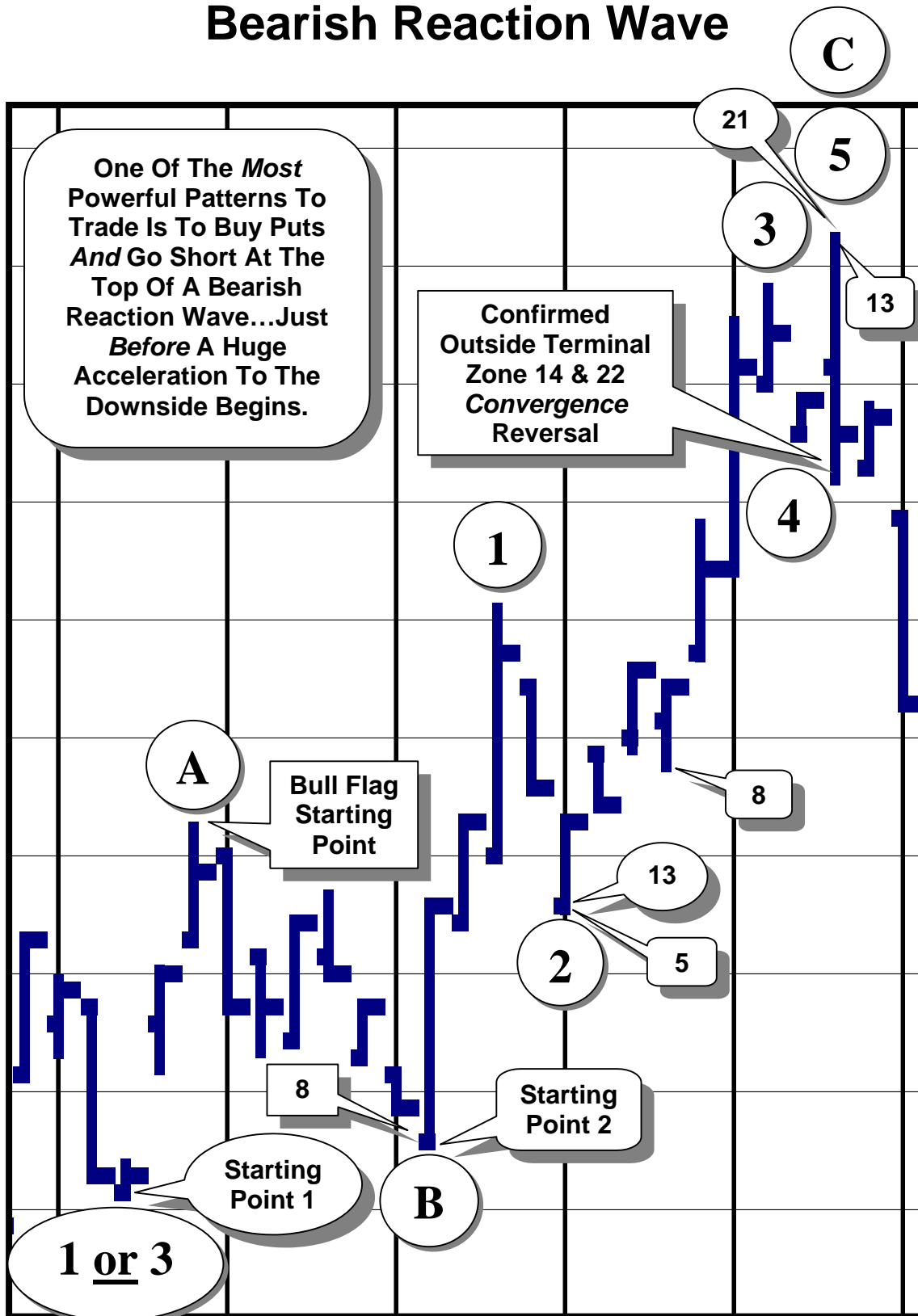


Figure 5 - 15

BONUS REPORT # 1

The 14 Absolutely Essential Websites For Traders And Investors!

1. **INO.com** provides a very useful service in two especially valuable areas...*first*, you'll want to subscribe to the *free* daily e-mail reports. The first report comes out in the morning every trading day and tells you what the markets did in the overnight trading session. The second report comes out *after* the markets close and tells you what happened in the markets during that day's trading session. *Secondly*, it's an excellent source for FREE monthly, weekly, daily *and* intra-day charts for all the markets we follow. Visit: <http://www.ino.com>
2. **TFC-CHARTS.com** is an excellent and *reliable* source for quotes and printable FREE price charts for stocks, futures and forex markets. You can add your own technical indicators in a *Personalized Charts Menu*. Intra-day quotes are fast loading. A glossary of futures terminology *and* contract specifications listings are also available. An *Introductory Course* on commodity trading is useful for beginners. *Commodity Traders Forum* and chat rooms are popular. Visit: <http://www.tfc-charts.com>
3. **PRICECHARTS.com** provides the *best* online charts you can get. You can view, print out and download charts for over 75 major international agricultural and financial futures markets. You can access daily, weekly, monthly and cash markets with up to 30 years of history. A valuable two week FREE trial subscription is available at their very extensive website. Visit: <http://www.pricecharts.com>
4. **CBOT.com** is the homepage for The Chicago Board of Trade, the world's oldest commodity exchange...founded in 1848. Besides being the source for quotes, charts and contract specifications for all the different markets traded at the CBOT, it has extensive coverage of market news *and* offers a variety of educational services online. Visit: <http://www.cbot.com/>
5. **CME.com** is the homepage for the second biggest futures and options exchange in the world...the Chicago Mercantile Exchange. It also is of course the source for quotes, charts and contract specifications for the many markets traded at the "Merc." Educational info is extensive. Visit: <http://www.cme.com>
6. **NYMEX.com** is the homepage for the world's largest *metals* and *energy* markets exchange...The New York Mercantile Exchange...in New York, New York. Again, this is the source for quotes and contract specifications for the markets traded on this exchange. Visit: <http://www.nymex.com>

7. **NYBOT.com** is the homepage for The New York Board of Trade, which is the combined exchange for several markets like coffee, sugar, cocoa and cotton, etc. It too of course is the source for quotes and contract specifications for the markets traded. Visit: <http://www.nybot.com/>
8. **TRADERS.com** is the homepage for Stocks and Commodities Magazine. For research on a variety of stock market and futures and options trading products and services, go to their extensive "Trader's Resource" section and window shop. Visit: <http://www.traders.com>
9. **FUTURESOURCE.com** is the *best* FREE real-time source for futures and options quotes to be found *anywhere* on the net. Be sure and bookmark this one! Visit: <http://www.futuresource.com/quotes/quotes.asp>
10. **BARRONSCOMMODITY.com** is provided by Barrons Magazine. It is an *extremely* useful site for futures & options traders interested in resources. Visit: <http://www.barronscommodity.com/private/index.asp>
11. **STOCKCHARTS.com** is a reliable source for daily and weekly stock charts. Click on the "Free Charts" tab, then go to "Gallery View" and select the chart you want to study. Visit: <http://www.stockcharts.com>
12. **BIGCHARTS.com** is another fine source for getting longer-term stock bar charts. After looking up the symbol for the company you're researching, click on "Quick Chart." Visit: <http://www.bigcharts.com>
13. **TRADINGCHARTS.com** is an *excellent* source for stocks, forex and futures quotes and charts. Visit: <http://www.tradingcharts.com>
14. **BOHLISH.com** is a goldmine of resources for futures and options traders. Enjoy the extra long-term historical charts for research and perspective. Print the *Symbols* list to help interpret the extensive futures and options data. Included in the *Current Option Prices* is a very handy option price calculator. You can also do your own long-term price checks with the *Daily Futures Prices* feature that displays quotes for the last month and a half. Visit: <http://www.bohlish.com>

>>>Take some time to look these sites over...you'll be glad you did!

BONUS REPORT # 2

The 7 Explosive Trades You Can't Afford To Miss In 2006!

For the *most* explosive moves in a market, the starting point for a high-velocity *directional* rally or equally relentless downside *directional* collapse is *either* (1) just *after* a *new* trend begins...following the *confirmed* reversal of an old and well-established five wave trend...or (2) just following the *completion* of the first major *reaction* wave *against* the new trend...and just *before* the major new trend resumes...*in a big way!* This kind of precision timing is especially *critical* to option buyers who have to contend with time decay in the value of a depreciating asset.

Using this tried and true strategy, our objective is to minimize risk exposure and maximize profit potential by establishing the *right* position at the *right* time...and just *before* a big *new* directional move *accelerates*.

By entering an option or futures trade at this *exact* moment in time, we get to ride this momentum spurt for all it's worth...getting out *precisely* as this potentially very profitable trend exhausts itself in a *terminal* count reversal zone projected *beforehand* by *Kenison Counting Numbers*. This may of course be the perfect moment to establish yet another *new* position to take advantage of the opportunity to trade the market in the newly reversed *opposite* direction.

Now Here's The Markets To Watch For...

The Potential Big Movers...To The Upside:

1. **Look for opportunities to join the bull market in Corn!** Jump on every confirmed weekly or daily bullish reaction wave *completion*...and every *confirmed* terminal count bottom as a call buying opportunity throughout 2006. Use daily and weekly timing count signals primarily. Initially, count forward from the fourth quarter 2005 lows. **Be especially mindful of the weekly Zone 14 timing count centered on the week of March 13, 2006.** If weekly and daily terminal counts *confirm* a bottom during this time period, buy July calls. Liquidate any call position on a *confirmed* daily Zone 14, 22 or 28 *terminal* count top reversal. And then, re-enter a call

position on any subsequent *confirmed* weekly or daily bullish retracement count. Repeat this procedure as many times as possible.

2. **Buy an irregular bullish reaction wave completion in Soybeans!** Counting forward from the monthly top in March 2005, we see the potential for a *monthly* Zone 14 bullish reaction wave *completion* centered on the month of May 2006. **We would then anticipate an important reversal bottom to be confirmed in April, May or June.** Use bullish reaction breaks, weekly and daily *confirmed* terminal bottom reversal counts *and* bottom to bottom counts to establish a long-term call position. Liquidate calls on any bearish reaction break, outside terminal top or any regular *confirmed* terminal top reversal. Repeat the overall procedure as often as the market gives us opportunity to do so throughout 2006.
3. **Buy the terminal bottom of a multi-year bear market in Eurodollars!** *Kenison Counting Numbers* analysis projected the *exact* top in 2003. Now we would like to use the same method to project the anticipated multi-year bottom. The astounding profits generated in the bear market phase will be most likely matched on the upside. **A monthly forward count from the 2003 top projects a potential *monthly* Zone 35 terminal reversal bottom centered on the month of May 2006.** This would indicate the ***strong* possibility that the bottom will be confirmed in April, May or June.** Also, be aware of the possibility that the final bottom may occur in a *monthly* Zone 41 terminal reversal bottom centered on the month of November 2006. Confirmed weekly and daily terminal bottom reversal counts...including bottom to bottom counts...should be used to fine tune your trade entries. **Buy September 2006 or March 2007 calls...and go long futures when this major terminal reversal bottom is *confirmed*.** After buying the bottom, remember to sell any open call position...especially upon the *completion* of a *weekly* bearish reaction wave count or the *confirmation* of a *weekly* terminal top reversal count.
4. **Buy the *completion* of any bullish reaction wave or confirmed terminal bottom in Wheat!** Count forward from the important monthly low in December 2005 for timing signals. **Be mindful of the *monthly* Zone 8 or 8 shift count, which indicates the potential for a major seasonal bottom to be made in July or August.** And, if *weekly* or *daily* terminal or reaction bottom counts are *confirmed* during this time period, buy Chicago Wheat December 2006 or March 2007 calls...and go long the futures.

The Potential Big Movers...To The Downside:

1. **Sell a major top in Live Cattle!** *Monthly* forward counts from a multi-year bottom in 2002, from a major reaction wave bottom in 2003 *and* from a top to top count from the 2005 high, projects this market is headed for an important *monthly* Zone 45, 31 and 8 terminal top *convergence* count centered on January 2006. **This of course means the projected top should occur in December 2005, January 2006 or February 2006.** Use

- top to top weekly and daily forward time counts to identify three *week* and three *day* terminal top reversal zones *within* this important three *month* zone in order to fine tune your put buying and short futures entry points. Also, remember *any* outside terminal top or bearish reaction break signals a trend reversal to the downside. Use the April contract for timing the top count. **Buying inexpensive long-term puts as this market *confirms* the final top looks like one of the *best* high *leverage* option trades we've seen in years.** Hedgers should definitely *also* consider shorting the futures. ***Don't miss this one!***
2. **Sell a major top in Bonds!** A monthly forward count from the important high in 2003 projects this market is headed for a potentially huge *monthly* Zone 31 reaction wave top centered on January 2006. A monthly Zone 8 reaction wave top count from the high in 2005 is also centered on the month of January 2006. **This sets up a potentially very powerful monthly *convergence* count.** If this monthly top is *confirmed*, it could violently turn the market down. Use the June contract for timing the final top. **Watch for any *confirmed* weekly or daily top to top terminal reversals appearing *within* the anticipated three month reaction wave top reversal zone noted above.** This will allow you to fine tune the timing for buying puts *and* going short the futures. **Once the anticipated top is confirmed and the bearish phase begins, carefully count forward from the top week to project the timing of the next *major* event...a *weekly* and *daily* terminal reversal zone bottom...including any *confirmed* bottom to bottom reversal counts.** When a terminal bottom reversal is *confirmed*, liquidate your puts and buy long-term calls.
 3. **Sell an important top in the S&P!** Using the June contract for timing count signals, count forward from the major monthly low in August 2004. **This projects the market is headed for a potential *monthly* Zone 22 terminal top centered on the month of May 2006. This would indicate the *strong* possibility of a major top occurring in April, May or June.** Use weekly *and* daily terminal top counts...including top to top counts for fine tuning put buying *and* going short the futures. If a terminal top reversal is *confirmed* in this important *monthly* reversal zone, buy puts and go short futures. **Liquidate puts and close shorts on a *confirmed* daily or weekly terminal bottom reversal...and then buy long-term calls.**

The magnitude of profit potential represented by the trading opportunities presented above is *truly* astounding. Those trading futures will be exposed to *extremely* high volatility market conditions. **If you're not prepared to handle *wild* moves in the futures markets...either financially or psychologically, then use the pre-determined *and* limited risk alternative available in *buying* options on futures.**

Either way, this represents an exciting and potentially very profitable time for disciplined traders using ***Kenison Counting Numbers*** for their entry and exit trade timing decisions.

BONUS REPORT # 3

The 8 Best Leverage Markets For Trading Options With Precision Timing!

Precision market timing is the *critical* key to successful trading...especially, if you're an option *buyer* trading in time decaying puts and calls. But even if you're trading futures, stocks, forex or cash markets, the objective is the same...*pinpoint the exact point in time when a market is on the verge of starting a new *trending* or *directional* phase...then enter the market just as a terminal reversal is *confirmed* or as a reaction phase is *completed*...just *before* the market takes off in a *new* and *dynamic* *directional* move.* All this thanks to a trade timing method that has accurately projected *both* the turning point *and* the new direction...*beforehand!*

In a nutshell, you want to enter trades immediately *after* the market reverses its most recent trending or reaction pattern...and *before* it starts to accelerate in the new *opposite* direction you're trading it. Hopefully, after entering the trade, the market takes off in what is normally under these circumstances a high-velocity *directional* manner. This allows you to rack up large trading profits quickly while exposing your trading capital to the least amount of risk for the *shortest* period of time. **In other words...get in just *before* the market explodes in your direction...and get out just as the *directional* momentum stalls and stops.**

How do we accomplish this? *Kenison Counting Numbers* allow us to *anticipate*, *confirm* and then *act* on the powerful turning points illustrated and explained in *Bruce Kenison's Market Timing Home Study Course*. These highly reliable reversal patterns *automatically* lead to extremely dynamic bursts of new and *reversed* directional momentum. **We simply watch for recognizable patterns that are on constant parade through the markets we track...count them out to their ultimate conclusion...then quickly take advantage of what the market hands us on a silver platter. And, we can do this over and over again!**

So, what are these *specific* patterns with phenomenal profit potential? Generally, they fall into two very powerful categories...

First, we use *Kenison Counting Numbers* to pinpoint the concluding *terminal* reversal points of five wave *up* and five wave *down* trending

patterns...those easily identifiable points in time where with explosive energy recent trends reverse and begin dynamic *new* trends in the opposite direction. **As a result, we get to enter low risk and extremely high profit potential trades on a regular basis.** This is especially true when our trading vehicle of choice is the buying of relatively inexpensive puts and calls with a good amount of time to run. **With this strategy, our entire risk on each trade is *strictly* limited to just what we pay for the option...*plus* commission and fees.**

Secondly, our counting numbers can precisely identify *completion* points of reaction and retracement wave patterns against a major trend. There is great potential to rack up huge option trading profits from low risk highly tradable turning points that dramatically *resume* major trends...points from which fast moving spurts of directional momentum normally result.

And remember, in a *truly* successful trade, the exit should be *equally* as precise as the entry, enabling you to get out of profitable trades...just as the *directional* momentum in the current trend exhausts itself. Our counting numbers are the toolkit you need to do *exactly* that.

Use our “3-3-3 Rule” for choosing the option to buy when the timing count is *right*...that is, when reaction and reversal patterns are *completed* and *confirmed*. We want to combine precision market timing with the *buying* of put and call options priced around **\$300 per contract** with about **three months to run** before expiration...*and* slightly out-of-the-money options that are normally about **3 strike prices away** from the market. **Staying as *close* to this formula as possible can result in sizeable *leveraged* profits captured in a relatively short period of time...and with *minimal* time exposure of our investment capital to the market.**

This doesn't mean that every outing will be successful, but we continue to go with the flow where the odds *highly* favor our participation. **We remain *constantly* on the lookout for targets of opportunity that match the strategy and patterns outlined above.**

So, why doesn't everybody do it this way? The answer is obvious. Not everybody has a precision market timing system that really *works*...a system that has proven itself successful over decades of wide ranging market conditions. In fact, it is extremely rare for any individual trader to even have *access* to anything remotely similar to such a system.

I will be forever grateful that over 30 years ago several disparate pieces of the puzzle fell into place enabling me to make what is now widely recognized as perhaps the *greatest* market timing discovery of all time. It has since come to be known as the ***Kenison Counting Numbers*** precision market timing method. This is the very mechanism that allows us to do what others without this knowledge can only dream about...**pinpoint with uncanny**

accuracy *exactly* when a market is *predisposed* to reverse itself...exposing reversal energy that is somehow *preprogrammed* into the very fabric of space and time to occur at that very moment.

This needless to say gives us privileged *inside* knowledge that the **uninformed are not aware of**. It is indeed the knowledge that is crucial to making this unbelievably powerful and totally unique strategy work. Remarkably, this allows us to capture the synergistic effects that flow from a *combining* of relatively inexpensive high leverage slightly out-of-the-money put and call options with *precise* timing of entry and exits...at points in time that *maximize* the positives...while *minimizing* the risks.

This has introduced to the arcane world of market timing an *entirely new and powerful way to analyze market movement*. Unlike *fundamental* analysis which tries unsuccessfully to get a handle on *everything* that's known in the world about the *supply and demand* patterns of a particular market in order to determine possible future price directions...or, *technical* analysis which *subjectively* tries to read the tea leaves in variant *price* patterns, this new method does something entirely *unique*. What exactly? **The Kenison Counting Numbers method *objectively* analyzes the *most* important determinant of *all* market movement...time patterns!** That's why it's called *temporal* analysis.

It's now my great privilege to pass this unique and powerful knowledge along to a new generation of traders. As I've used this system in my own business over the past 30 years, I'm **constantly struck by the stark *simplicity* and absence of subjectivity found in the Kenison Counting Numbers method.**

It's almost magical to see how a simple number count forward from an identifiable high or low point in the past can turn into a *projector* that pinpoints precisely where and when powerful reversal energy will be exposed in that market...*in the future!* Even now...after decades of watching the counting numbers do their stuff in markets around the world, I continue to be amazed *every day*. It's been a real joy through innumerable seminars and private consultations over many years, to witness the light bulbs come on when students for the first time realize how simple and easy it is to time the markets with truly *exacting* precision.

>>>Now Here's The 8 *Highest* Leverage Options...

Potentially the *Biggest* Profit Generators with this Strategy:

1. **S & P 500** stock index put and call options on futures.
2. **Eurodollar** put and call options on futures.
3. **Gold** put and call options on futures.
4. **T-Bonds** put and call options on futures.

5. **Live Cattle** put and call options on futures.
6. **Soybeans** put and call options on futures.
7. **Corn** put and call options on futures.
8. **Wheat** put and call options on futures.

It's also important to remember that the psychological mood swings in option trading on the *buy* side can be so violent that literally an option contract can double or lose half its value in one day. This kind of volatility would make a futures trader cringe...but it is *exactly* what an option *buyer* with a reliable and successful timing system is searching for!

By using **Kenison Counting Numbers** to *project* important reversal points in the future, these mood swings can work dramatically *in our favor*. For instance, call option prices become unbelievably cheap relative to potential just as a major *reaction* completion timing point is reached in an ongoing bullish trending pattern. This process works *equally* well with put options when a bullish trend concludes and a major top is reached. **In a very real sense, successful option trading depends on correctly projecting those points in time that delineate boundaries in the swings between panic and euphoria.**

To be a successful trader, you must first have a trade timing system that **really works**. Secondly, you have to control your emotions and muster the discipline to follow your system carefully *and* mechanically. In many ways, this is the harder prerequisite because it means going against human nature. **It's just natural to realize pleasure immediately and postpone pain.** To succeed at trading, you most often have to be willing for the exact *opposite*.

Strictly limited and pre-determined risk is the phenomenal benefit when you use *limit* orders for option "*buy only*" trade entries. With this strategy it is *impossible* to lose more than you intended to pay for each put or call option contract...including commission and fees.

>>>What's our recommended option trading procedure?

Very simply, on the day when you want to enter a put or call trade, wait about one hour after the opening and check with your broker or online service to find out what the high, low and last price has been so far that day for the option you are considering. **Immediately place a *limit* order for the purchase of a put or call option just slightly above the last trade price...or just above the previous day's close if no trades have yet occurred.** For example, in a grain option trade you would enter an "**or better**" order $\frac{1}{2}$ cent *above* the last trade price in the market. If not yet filled one hour before the close, do an **order check**. If an "unable" comes back or no immediate report, check prices again and enter a "**cancel replace**" order with a bid $\frac{1}{2}$ cent above that day's high trade price. With this approach, **the small total amount you will pay for a put or call**

option becomes your stop loss point for that trade. It is reassuring to know this represents the *absolute* limit of your risk. **By using this technique, you know with certainty that you will *not* be bought in at a price higher than you have specified.**

And what do you do with an option you're holding when the number count indicates *now is the time to get out*? Hopefully by this point you are sitting on a profitable trade where the objective is to capture the profit as quickly and efficiently as possible...*or* salvage as much as possible. If the market has entered a three **week** trending *terminal* reversal zone...*and* has now entered a three **day** trending *terminal* reversal zone...*and* has **confirmed** the anticipated daily reversal *has* just occurred...then, enter an order one hour after the *next* day's opening to offset your open position by selling your option or options **"at the market."** It should be recognized that staying with a market position that's a big winner and getting bigger fast is emotionally sometimes hard to do, but *must* be done...that is *until* the number count confirms the trend *is* ending.

Additionally, we recommend that any option position that has not yet been liquidated for timing reasons by a point three weeks *before* the option is to expire should be offset on that day one hour after the opening with an order to sell "at the market." We also recommend this procedure for security reasons since some markets will exercise your option position into a futures position with unlimited risk if it expires in the money unexpectedly.

Here's the bottom line. We can't afford to let our market expectations get in the way of what the markets *themselves* are telling us. **Nobody ever made a dime by telling the market which way to go...you *only* make money by letting the market tell you which way it *is* going...and *when*!** The **Kenison Counting Numbers** market timing method is the *only* tool needed to understand the language of the markets, thereby allowing us to know *exactly* what they're saying *when* they speak to us.

And finally, it is a *very* strong recommendation that you start off by trading one option contract at a time to get your feet wet. **Only after you build profits in your account should you increasingly trade multiple contracts per trade...but *only* if you can pay for the additional contracts out of profits you have already generated from your trading.** An exception to this rule would of course be if you were trying to protect a cash market position with a certain number of option contracts for hedge trading purposes. At any rate, it is good advice to *always* resist the urge to "bet the farm" on any one given trade. **If you follow these easy guidelines, your option trading experience should be exciting and rewarding...perhaps beyond all expectations!**

CONCLUSION

Trading Your Plan!

"Find a plan that works, then work your plan!"...Anonymous

The *Kenison Counting Numbers* market timing method is your key to identifying trading opportunities with *huge* profit potential. It requires *strict* discipline to follow our trading credo to *"Anticipate, Confirm...then Act!"*

Our counting numbers make it *very* easy to find reversal zones and timing windows where we can *anticipate* a reversal of some importance. It's not quite so easy to wait for the *confirmation* of the anticipated reversal. This is especially true if you are trading options on the "buy" side and just can't wait to jump in...even *before* a reversal is confirmed.

Don't even think about going long or short the futures market *before* a reversal is confirmed. It's like jumping in front of a freight train absolutely convinced it *will* stop six inches in front of your nose! Without having that *confirmed* reversal point to place a stop loss point behind, you are literally playing Russian roulette with your family's financial future.

In any case, you *must* wait for confirmation of an *actual* reversal before picking up the phone to call your broker with an order. It is absolutely *critical* to adhere to this important trading rule irregardless of whether you are trading stocks, options, indexes, forex or futures. **This is the *only* way we can be assured of having the built in safeguards this method affords us against reckless seat of the pants trading decisions.** Failure to heed this warning could be *very* costly.

Now here's two additional websites that can add an *extra* dimension...

- Click on: <http://www.freecotcharts.com>. Track *Commitment of Traders* data applied to the *weekly* charts we follow. Carefully study how the *commercials* line relates to highs and lows in the market. Being in sync with them can make a projected reversal even *more* powerful.
- Click on: <http://www.spectrumcommodities.com>. Notice how *seasonal trends* can make our projected reversals even *more* powerful!

This no fluff course has been condensed to *just* what is necessary to make you successful. And now, it's time to *Act!* All the best...*Bruce*.